

Dubai Financial Market

Investor Presentation
Q1 2018

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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 (Q1 2018)	AED 387bn Market Capitalization	67 Companies Listed on the DFM*	93 Bonds and Sukuks Listed on the DFM/Nasdaq Dubai with a value of \$71bn
Volumes (Q1 2018)	AED 20bn Total Traded Value	AED 324mn Average Daily Traded Value (ADTV)	21% Market Velocity ¹
Volume by Investor Type (Q1 2018)	46% Foreign Investors' Trading Share	19% Foreign Ownership (% of Market Cap)	48% Institutional Investors' Trading Share
Consolidated Financials (Q1 2018)	AED 101.6mn Revenue	AED 66.5mn EBITDA	AED 49.1mn Net Profit

Source: DFM analytics.

Note: Trading statistics for DFM excludes Nasdaq Dubai.

Foreign investors defined as non-UAE investors.

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

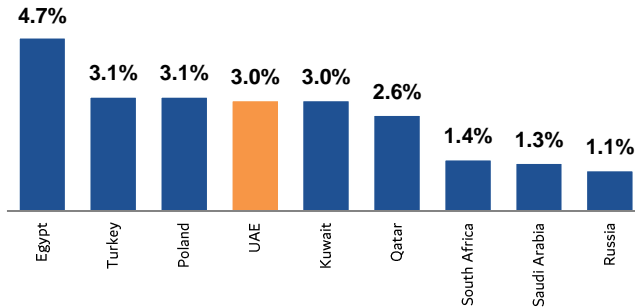
* Excluding one listed ETF.

The UAE Benefits from Strong Demographic & Macroeconomic Fundamentals

1

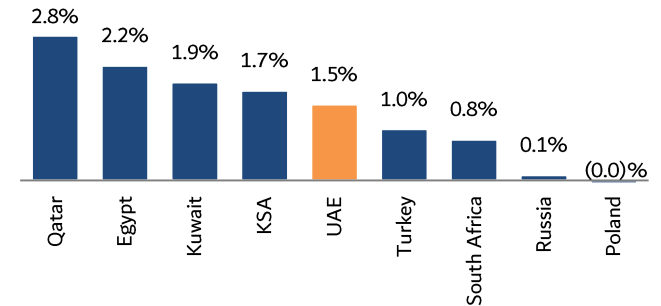
Continued GDP Growth...

2015E-2020E Real GDP Growth (%)


2

Growing Population...

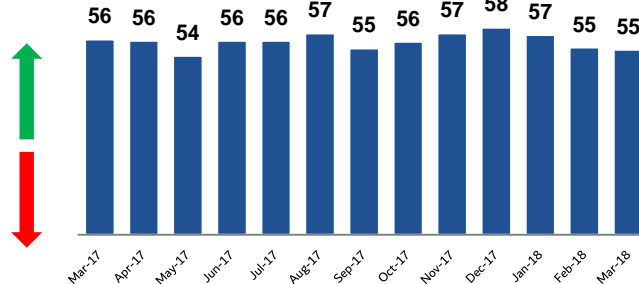
2015E-2020E Population Annual Growth (%)


3

Sustained Growth in Non-Oil Economy...

UAE Non-Oil Private Sector PMI

Increasing Rate of Growth



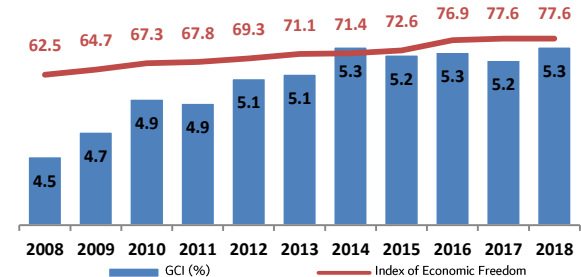
Increasing Rate of Contraction

50 – No Change vs. Previous Month

4

...Resulting in Stable Business Environment

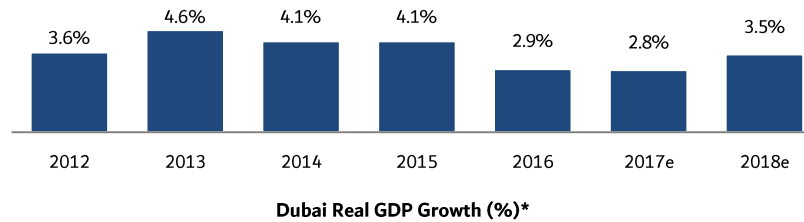
Globally, UAE ranks 17th on the Global Competitiveness Index (GCI 2017-2018) & 10th on the Index of Economic Freedom (1st in the MENA).



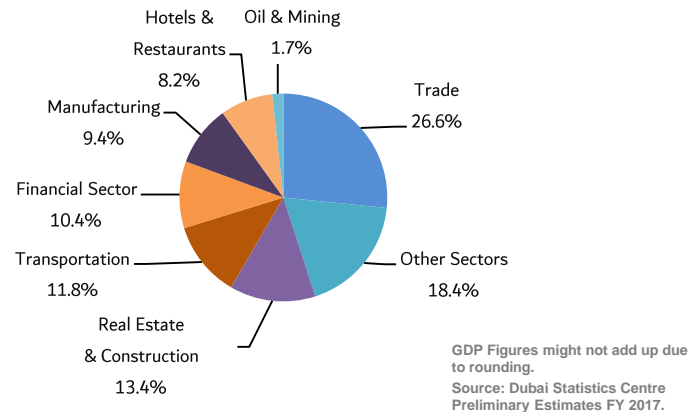
Source: The UAE National Bureau of Statistics, Euromonitor, Bloomberg, World Economic Forum, Emirates NBD, The Heritage Foundation, IMF.

Dubai Growth is Driven by a Well-Diversified Economy

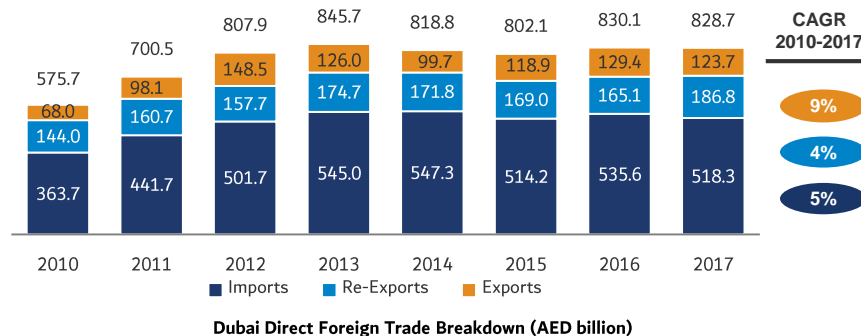
Continuous Dubai GDP Growth ...



...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 19.5% for 2018 to AED 56.6bn.
- 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 AED 505bn of foreign investment balance in 2016 (of which AED 290.7bn the balance of foreign direct investment), and expects to invest another AED25bn in infrastructure-related projects during EXPO 2020.
- Dubai is the 1st regionally and the 18th globally in the Global Financial Centres Index. And ranked 21st out of 190 countries in the 2018 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 as a financial hub.
- Dubai is placed at the forefront of the global Islamic economy, where the total number of Sukuk listed amounted to AED208 bn – end of Q1 2018. According the IMF, During 2001–2015, \$53.8 bn or 36 percent of all global Sukuk issuances originated in the UAE.

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

* Source for (2012 – 2017) values: Dubai Statistics Center, some GDP growth percentages were revised due to a new national account series issued by the Dubai Statistics Center. Source for 2018 estimated values: the Department of Economic Development.

DFM 2021 Positioning

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

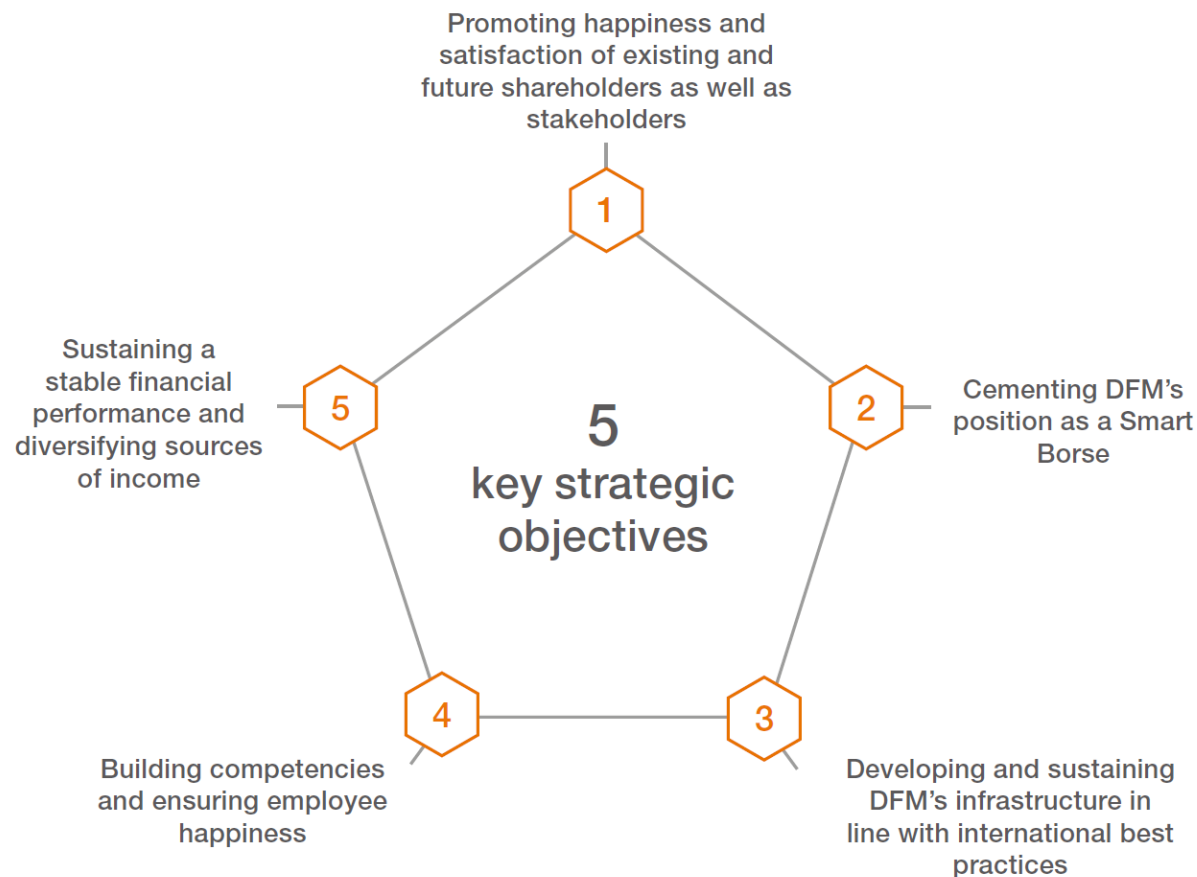
Nationally in Dubai & UAE

- 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

DFM Strategic Objectives 2021



DFM Strategic Programs 2021

**FIVE PROGRAMS AIMING AT SUSTAINING A STABLE FINANCIAL PERFORMANCE AND
DIVERSIFYING SOURCES OF INCOME**



**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**

STAKEHOLDERS' VALUE

DFM PJSC as a Holding Company

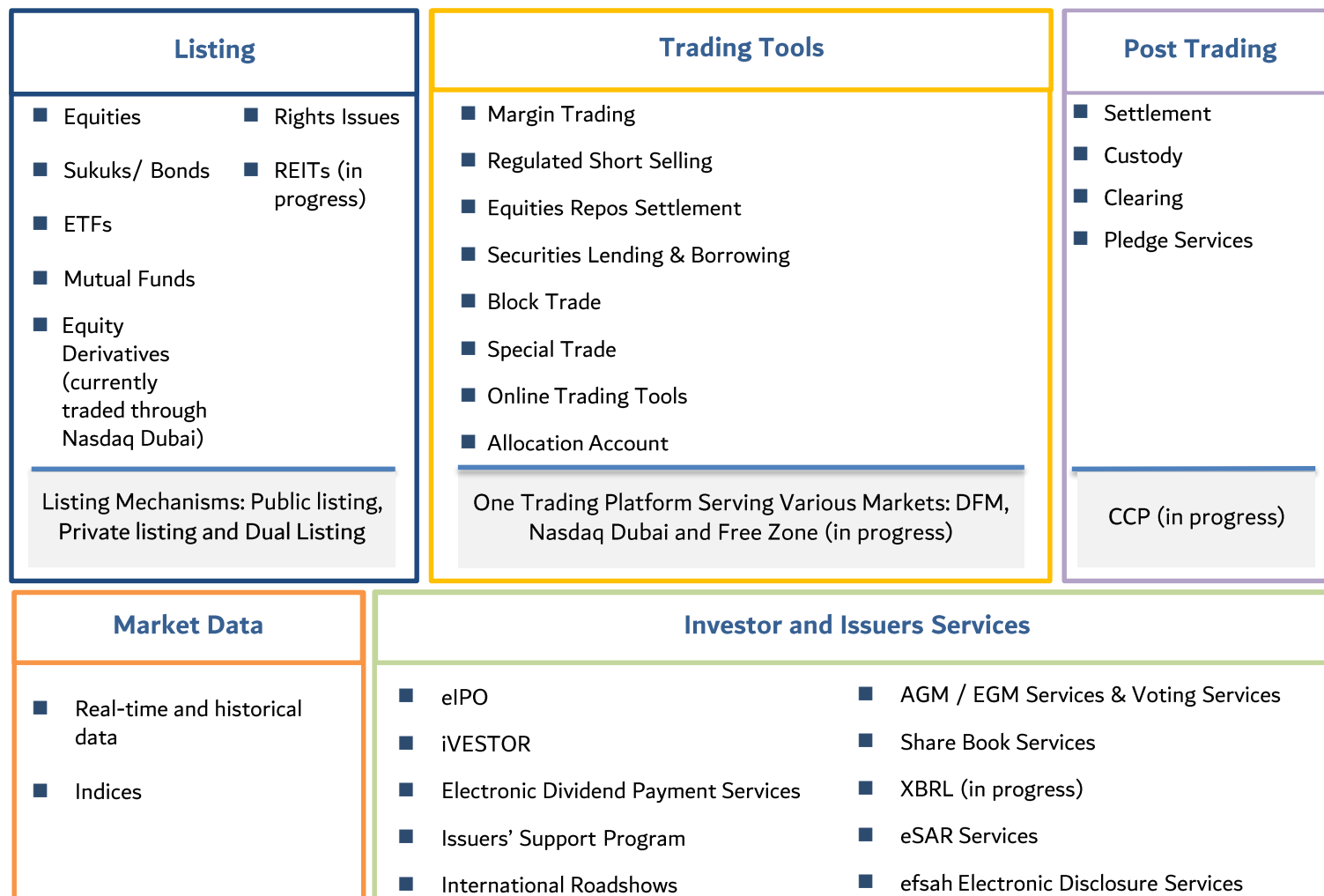
DFM PJSC is becoming a Holding Company

As part of a comprehensive development of the post-trade functions and in line with the international best practices, the DFM PJSC shareholders ratified establishing an independent company for clearing and depository, in addition to an independent company that runs the trading function. The new companies will be under the umbrella of a listed joint stock holding company.

Key Benefits	Main Impact
Enhanced Efficiency in Operational Performance leading to raised liquidity	<ul style="list-style-type: none"> • Maximizing clearing members' capital requirements, adopting international best practices for margins and settlement funds. • Higher efficiency in using collateral. • Potential boost of clearing members' liquidity.
Better Risk Mitigation	<ul style="list-style-type: none"> • Ring-fencing risk by creating separate legal entities to better protect DFM's business streams.
Compliance with Regulations and International Best Practice	<ul style="list-style-type: none"> • Comply with SCA's regulations regarding CCP which requires a separate legal entity for the CCP business license. • Future CSD regulations will also require a separate legal entity for CSD business license. • Comply with international best practice recommendations.

DFM's Diversified Product Offering

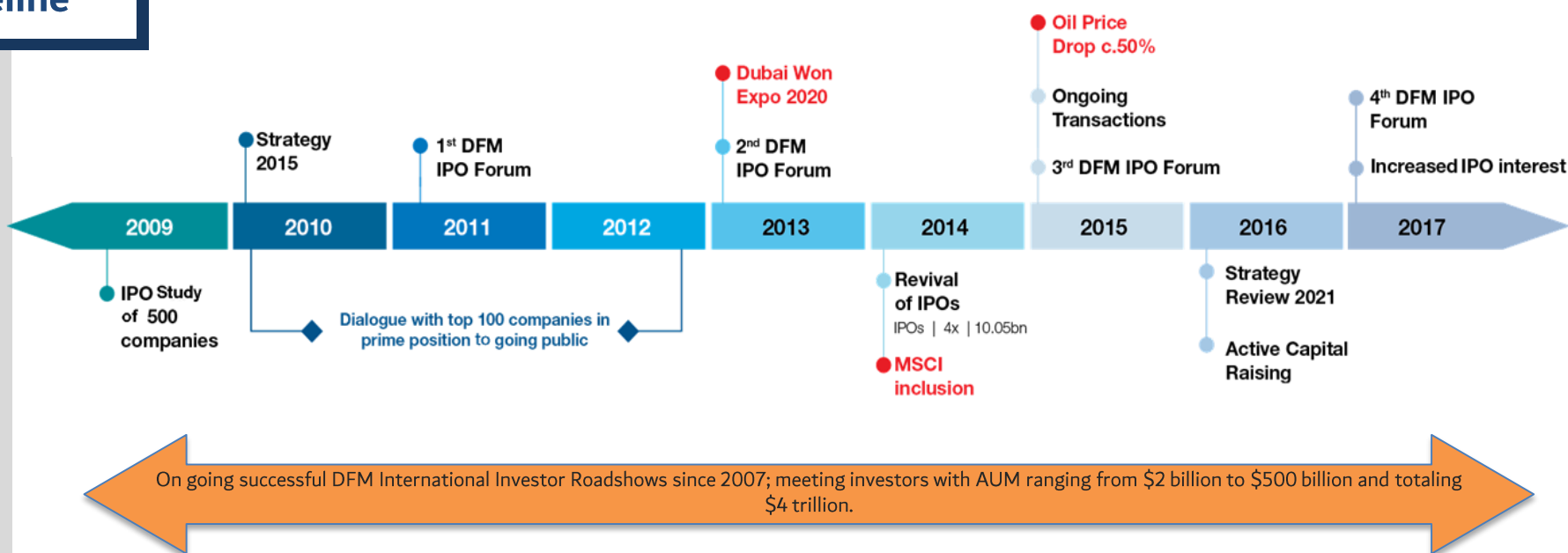
Multiple product and service offerings leading to diversified revenue streams



Note: DFM launched its first ETF in June 2016.

Nasdaq Dubai launched Derivatives trading in September 2016.

Strategic Milestones Building Strong IPO Pipeline

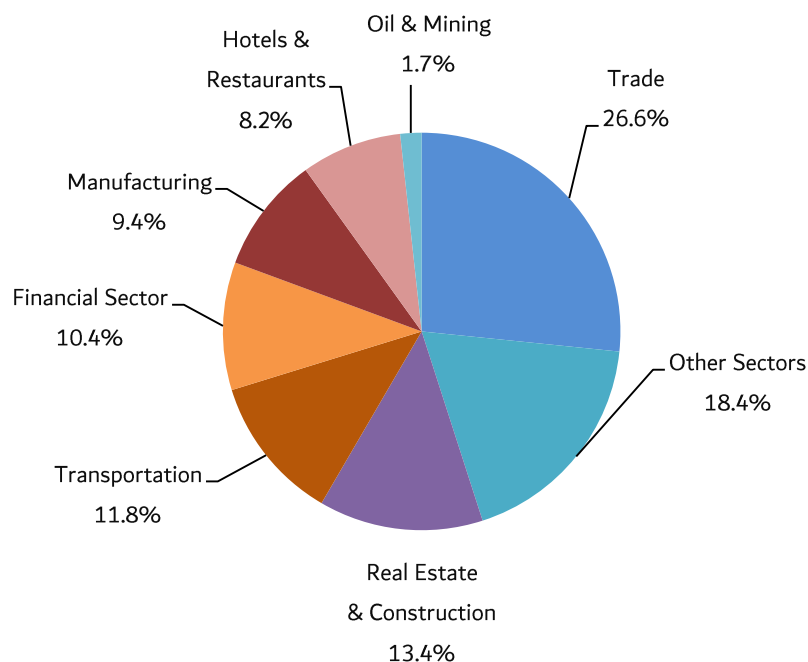


Sectors Mix of Dubai's GDP vs. DFM's

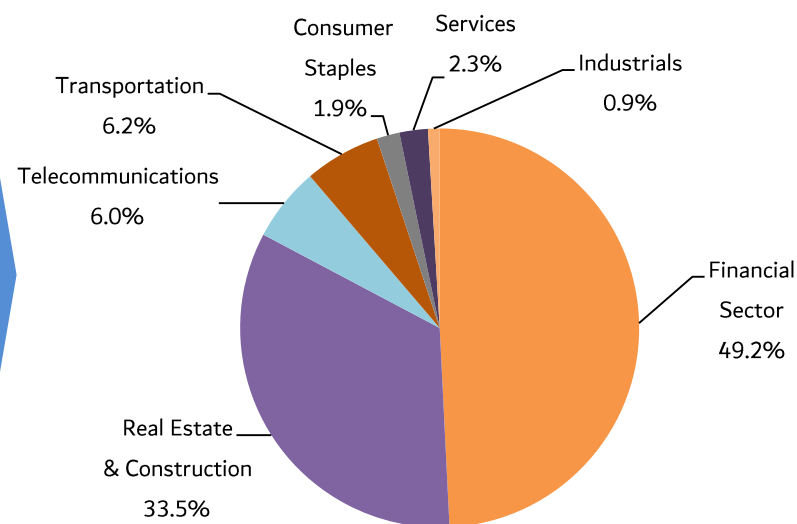
DFM's IPO pipeline strategy aims at a better reflection of Dubai's GDP mix.

- Unlike the economy, the DFM market is dominated by the Financial sector and the Real Estate and Construction sector. These sectors collectively represent 24% of the economy vs. 83% of the market capitalisation, by end of FY 2017.
- This represents significant opportunities for DFM as there is a diversified pool of sectors and companies to be listed in the future.

Dubai Real GDP Breakdown - FY 2017*



DFM Sectors Breakdown¹ - FY 2017

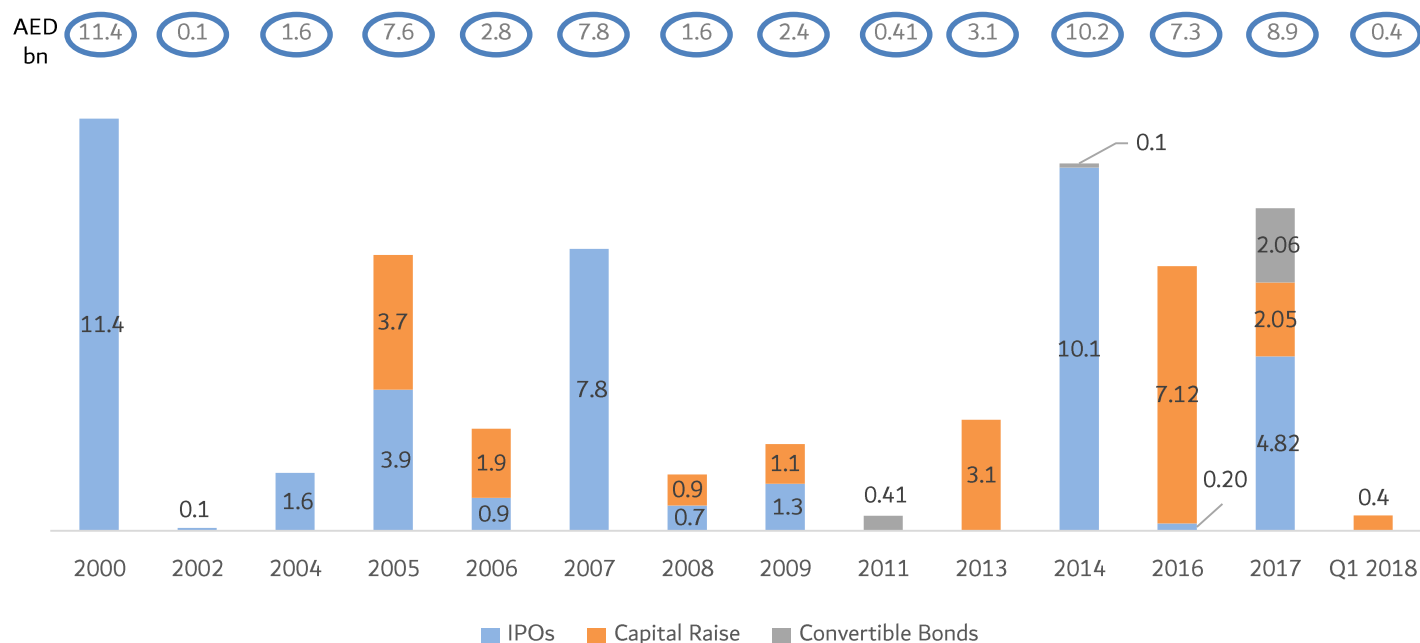


Figures may not add up to 100% due to rounding.

* Source: Dubai Statistics Centre Preliminary Estimates FY 2017.

¹ Sector Breakdown is by market cap.

Funds raised on DFM reached AED 60+ billion (inception – Q1 2018)*



IPOs (2014 – 2018)



Capital Raise (2014 -2018)



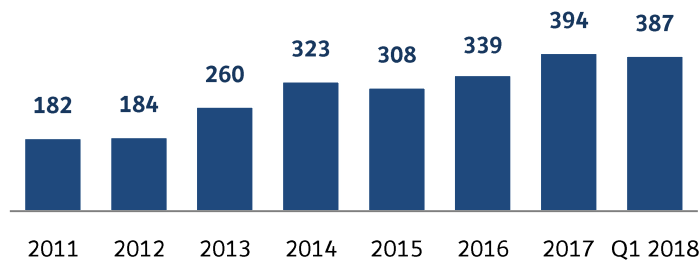
Convertible Bonds (2011 – 2017)



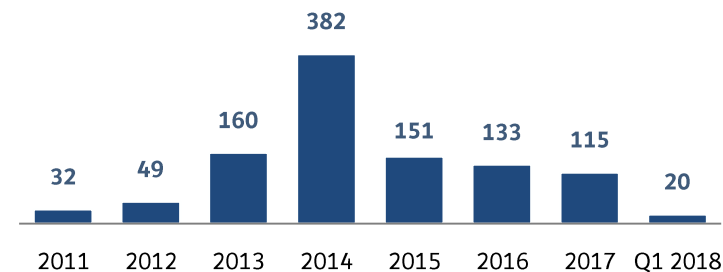
*Total funds raised represent the floated amounts in AED.

Operational Highlights

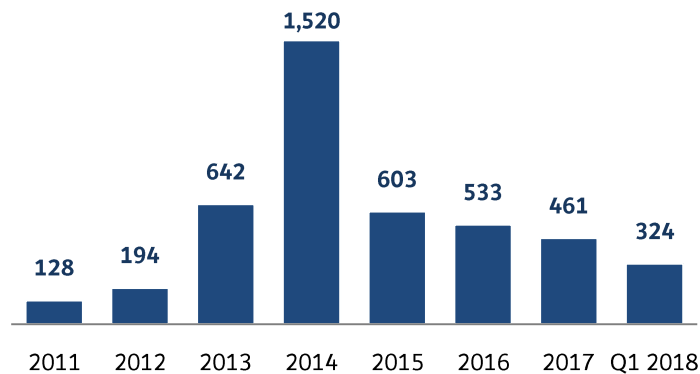
Market Capitalization (AED bn)



Total Traded Value (AED bn)

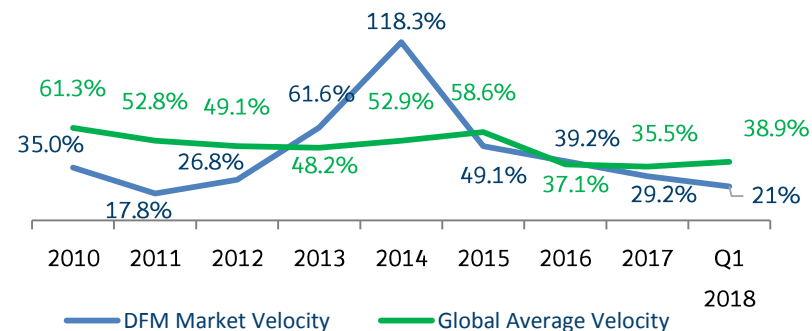


ADTV (AED mn)



Market Velocity¹ (%)

DFM Market Velocity and Average Velocity for Global Exchanges



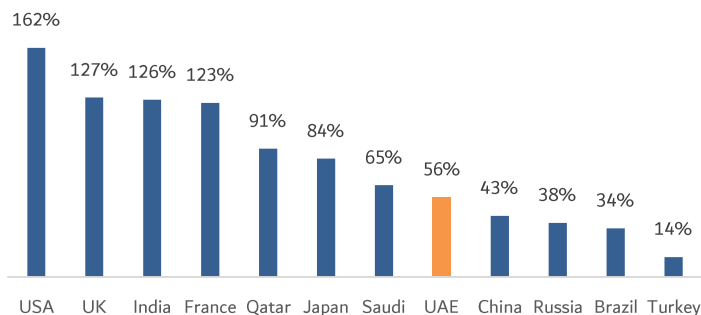
Note: Figures exclude Nasdaq Dubai

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

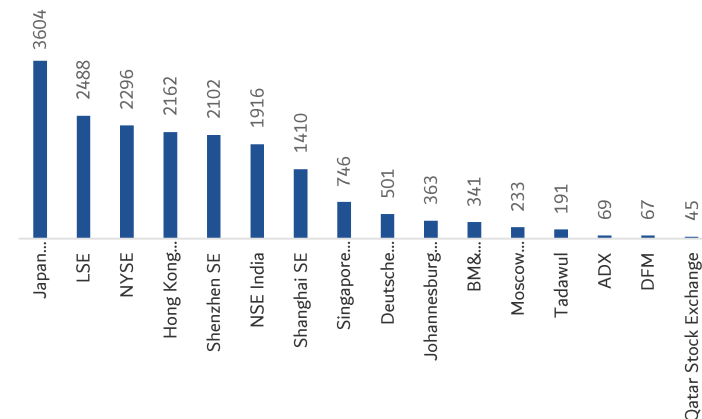
Source for Global velocity figures is World Federation of Exchanges.

DFM Presents Significant Growth Opportunities

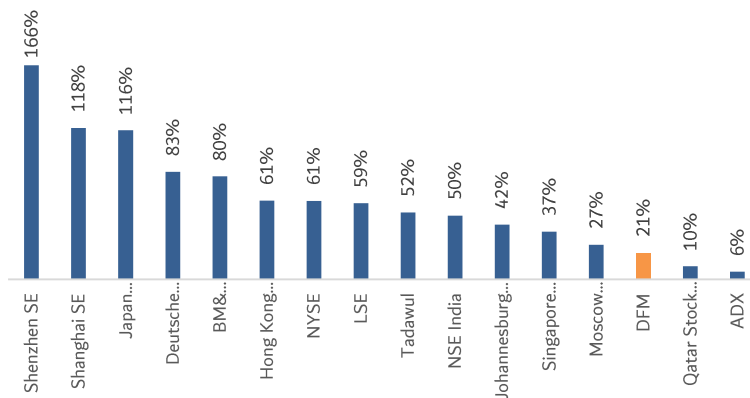
Equity Market Capitalisation to GDP¹



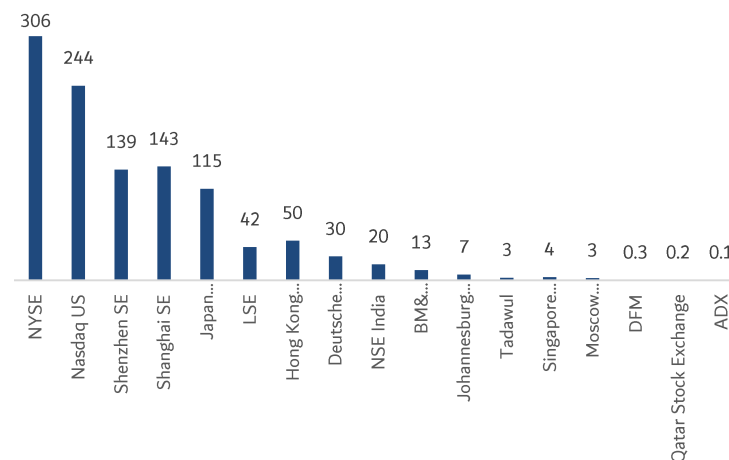
Number of Listed Companies²



Equity Market Velocity³



ADTV (AED bn)²



Source: Euromonitor, World Bank, World Federation of Exchanges

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

² Data is updated till February 2018, except for DFM data which is updated till March 2018.

³ Velocity is updated till February 2018, except for DFM data which is updated till March 2018. Velocity is calculated as annualized trade value/end of period market capitalization. Source: World Federation of Exchanges.

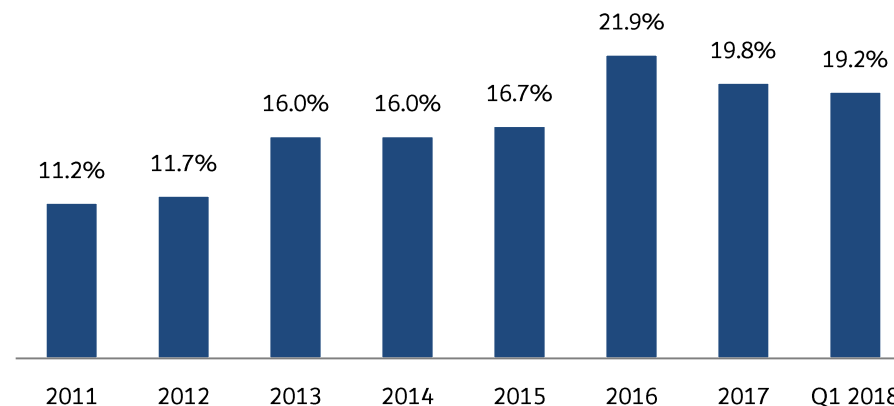
Continued Foreign Investor Interest

- 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 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)

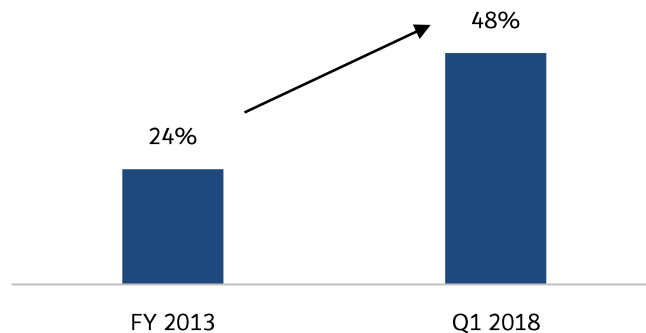


Source: DFM analytics.

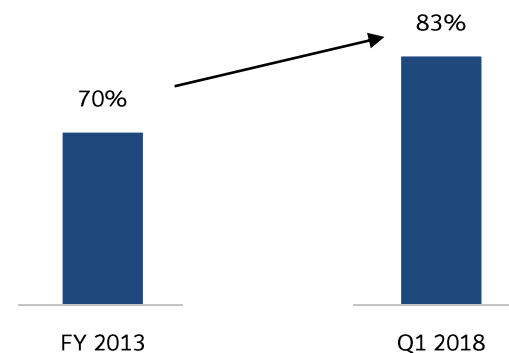
Note: Foreign investors defined as non-UAE investors. Figures excluding Nasdaq Dubai.

Increasing Institutional Investor Base

Institutional Trading Share (%)



Institutional Ownership (% of Market Cap)



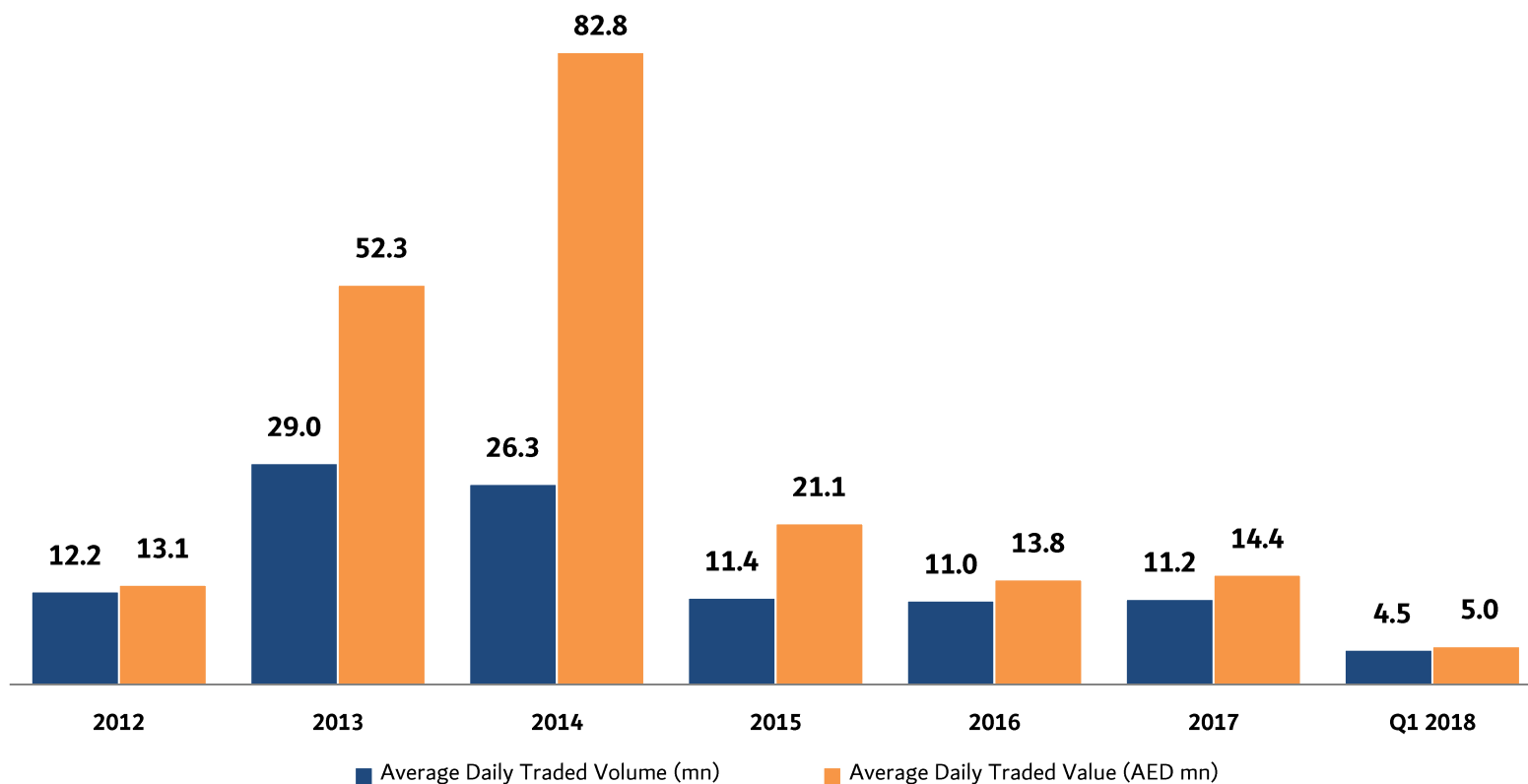
Commentary

- 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 83% of the stocks listed on the DFM by the end of Q1 2018.

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

DFM PJSC Stock Trading Activity

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

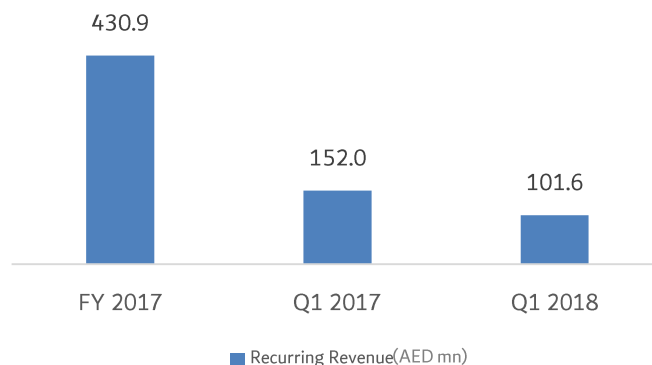


Source: DFM analytics.

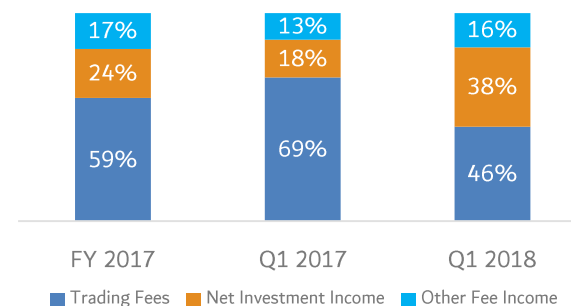
Financial Highlights

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

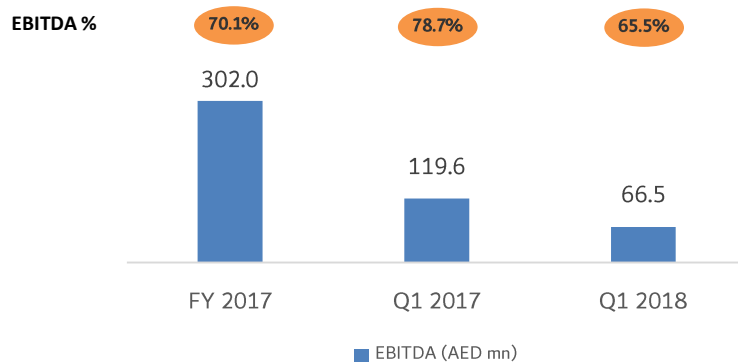
Recurring Revenue (AED mn)



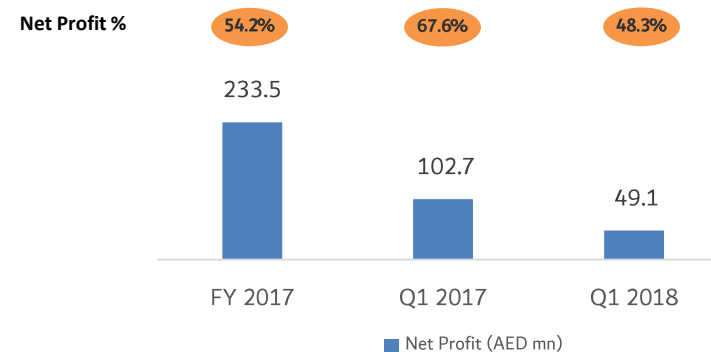
Total Revenue Mix (%)



EBITDA (AED mn) and EBITDA Margin (%)



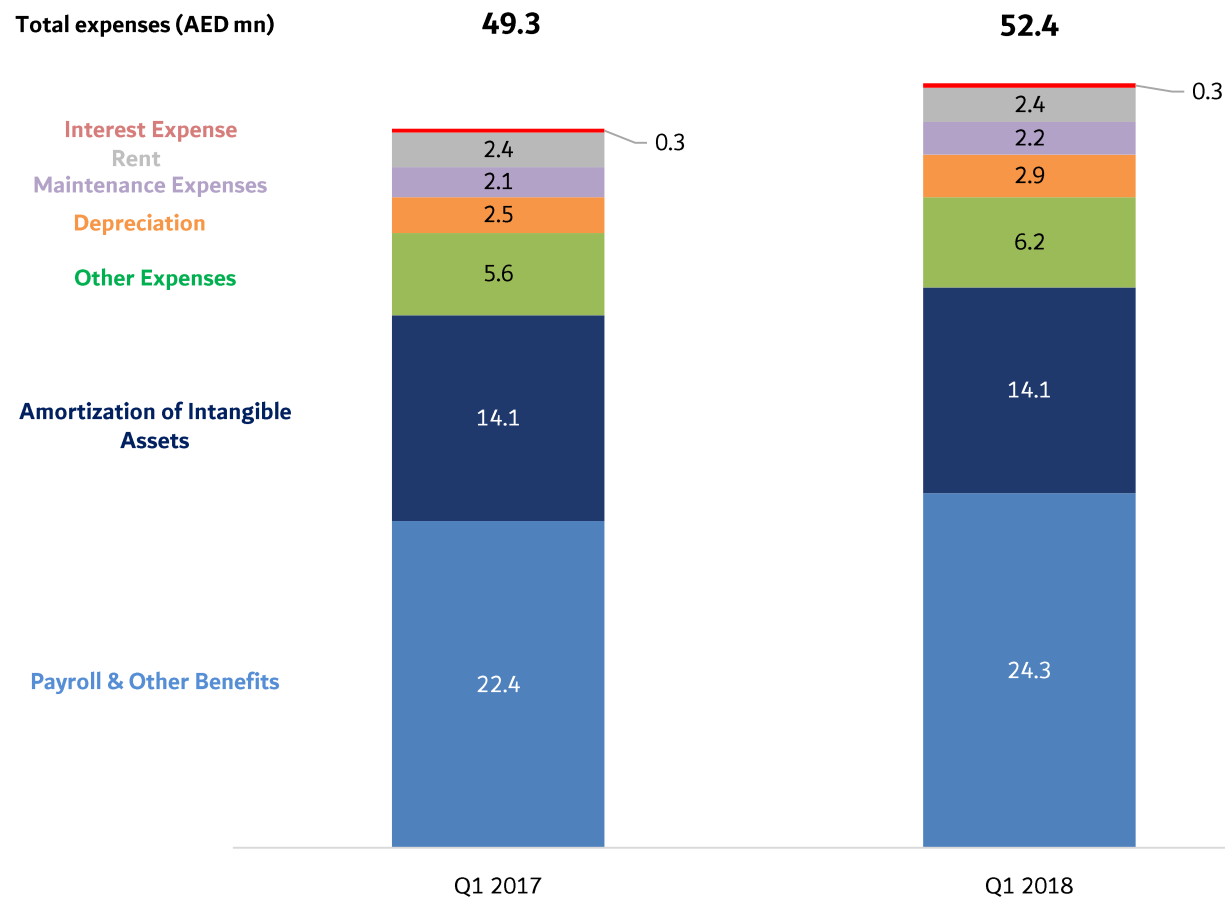
Net Profit (AED mn) and Net Profit Margin (%)



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

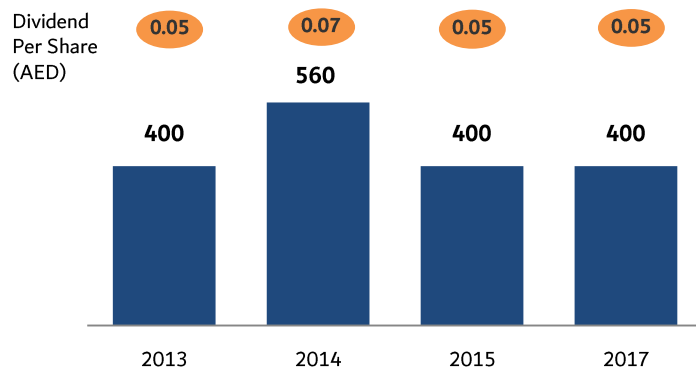
Breakdown in AED mn



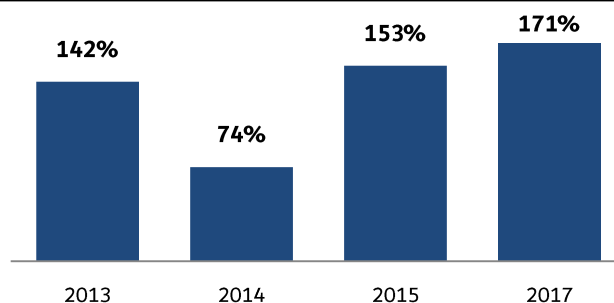
Note: Consolidated expenses; some figures & percentages might not totally add up due to rounding.

Dividend Payout History

Dividends (AED mn)



Dividend Pay-out (% of Net Profit)¹



Note: Consolidated financial statements

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

Selected Balance Sheet Items

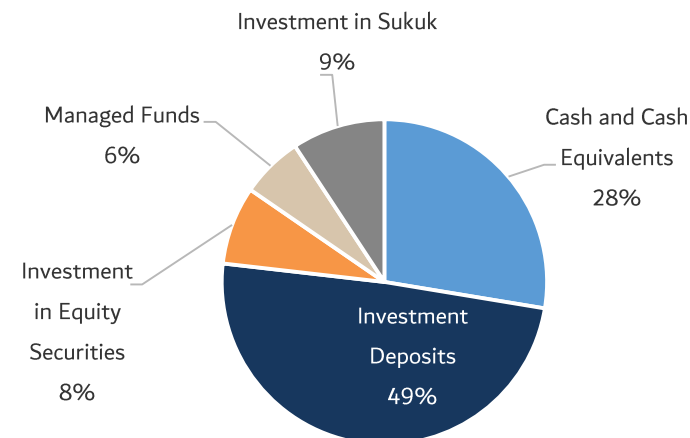
(AED mn)	FY 2017	Q1 2018
Investment Deposits	2,582	2,108
Financial Assets Measured at Fair Value & Amortised Costs	951	993
Goodwill	2,879	2,879
Other Intangible Assets	2,203	2,189
Property and Equipment	275	282
Total Assets	9,427	9,703
Total Equity	8,161	7,781

Strong Balance Sheet with Significant Financial Assets

Main Financial Assets

(AED mn)	Q1 2018
Cash and Cash Equivalents	1,182
Investment Deposits	2,108
Less than 3 Months	860
Up to 1 Year but More than 3 Months	980
More than 1 Year	267
Other Financial Assets Measured at Fair Value – (FVTOCI) and Amortized Cost Sukuks	993
Investment in Equity Securities	333
Managed Funds	263
Investment in Sukuk	397
Total	4,282

Main Financial Assets Breakdown Q1 2018



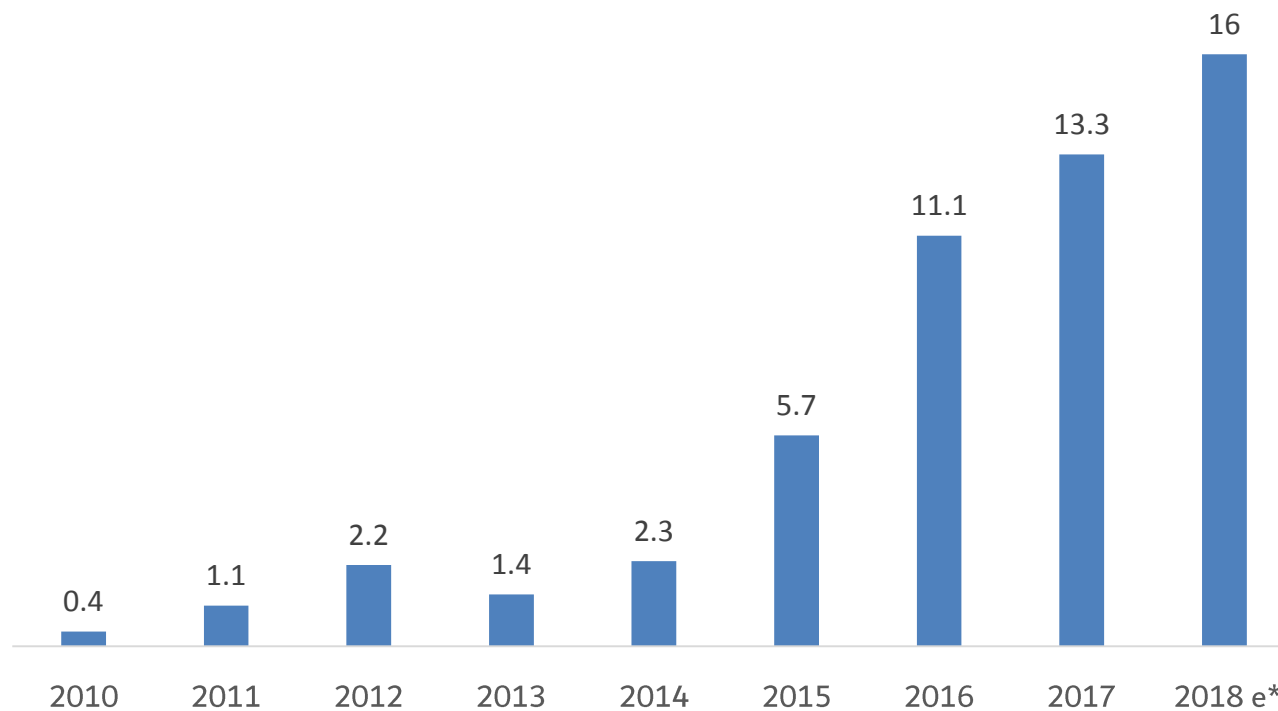
Commentary

- 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 UAE matures in 4-10 years and carries a fixed profit rate of 4.5% - 5.1% per annum.
- 97% of the other financial assets are invested within the UAE.

Note: Consolidated financial statements

Issuers Dividends (AED bn)

**Strong
Track Record
of Issuers
Dividend
Management**



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

* 2018 values are estimates.

APPENDICES

DFM Consolidated P&L

(AED mn)	FY 2017	Q1 2017	Q1 2018
Trading Commission Fees	255.3	105.0	46.2
Brokerage Fees	21.0	5.1	5.7
Clearing, Settlement and Depository Fees	36.9	10.4	6.2
Listing and Market Data Fees	9.8	2.8	2.5
Other Fees	6.0	1.1	0.9
Operating Income	329.0	124.4	61.5
Investment Income	101.4	27.6	38.7
Other Income	0.5		1.4
Total Income	430.9	152.0	101.6
Payroll and Other Benefits	(85.5)	(22.4)	(24.3)
Other General & Administrative Expenses	(33.9)	(7.7)	(8.4)
Rent	(9.4)	(2.4)	(2.4)
Depreciation	(10.9)	(2.5)	(2.9)
Amortization of Intangible Assets	(56.5)	(14.1)	(14.1)
Interest Expense	(1.2)	(0.3)	(0.3)
Total Expenses	(197.4)	(49.3)	(52.4)
Net Profit for the Year	233.5	102.7	49.1
Attributable to:			
Owners of the Company	232.9	102.3	48.9
Non-controlling Interest	0.6	0.3	0.2
EPS (AED)	0.029	0.013	0.006

Note: Consolidated Financial Statements, some figures & percentages 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"> Not be less than AED 10 million 	<ul style="list-style-type: none"> Not be less than AED 30 million
Founders Hold	<ul style="list-style-type: none"> Founders hold not less than 20% and not more than 45% of the total authorized Share Capital 	<ul style="list-style-type: none"> Founders hold not less than 30% and not more than 70% of the total authorized Share Capital
Refund Days	<ul style="list-style-type: none"> Two weeks 	<ul style="list-style-type: none"> 5 Days
Sell Down	<ul style="list-style-type: none"> Not allowed 	<ul style="list-style-type: none"> Max. 30% from the capital
Subscriptions Period	<ul style="list-style-type: none"> 90 Days 	<ul style="list-style-type: none"> 30 Days
Pricing	<ul style="list-style-type: none"> Fixed price only - Book Building allowed by regulatory approval 	<ul style="list-style-type: none"> Book Building is now available for the companies as an another option with fixed price
Employee Stock Option	<ul style="list-style-type: none"> Not recognized 	<ul style="list-style-type: none"> Allowed
Foreign Ownership Limit	<ul style="list-style-type: none"> 49% maximum foreign ownership 	<ul style="list-style-type: none"> 49% maximum foreign ownership but some exceptions can be granted upon ministerial decision

Notes:

- Only changes associated to IPO related matters are listed above.
- The above excludes Government owned entities as they may have special exemptions.

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