

Dubai Financial Market PJSC

Investor Presentation
Q1 2021

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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 80.66% of DFM with the remaining being public float.

Listings (Q1 2021)	AED 357bn Market Capitalization	64 Companies Listed on the DFM	113 Bonds and Sukuks Listed on Nasdaq Dubai with a value of \$89bn
Volumes (Q1 2021)	AED 15bn Total Traded Value	AED 241mn Average Daily Traded Value (ADTV)	17% Market Velocity ¹
Volume by Investor Type (Q1 2021)	46% Foreign Investors' Trading Share	18% Foreign Ownership (% of Market Cap)	44% Institutional Investors' Trading Share
Consolidated Financials (Q1 2020)	AED 74.1mn Revenue	AED 42.6mn EBITDA	AED 21.8mn Net Profit

Source: DFM analytics.

Note: Trading statistics for DFM excludes Nasdaq Dubai.

Foreign investors defined as non-UAE investors.

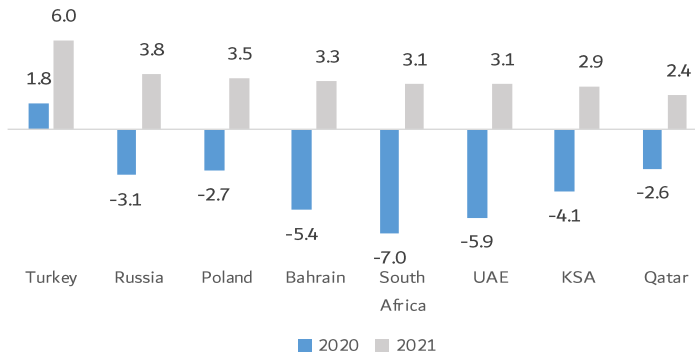
¹ Velocity is calculated as annualized trade value / end of period market capitalization.

The UAE Benefits from Strong Demographic & Macroeconomic Fundamentals

1

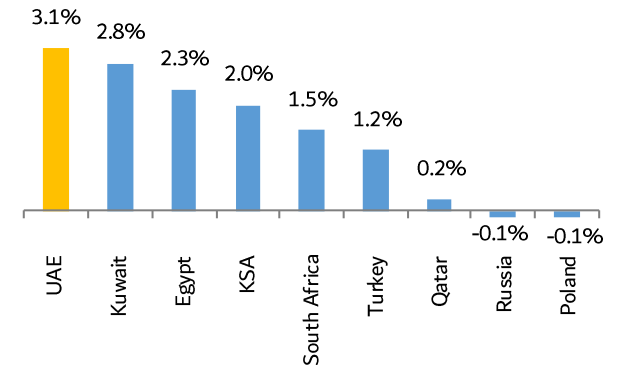
Continued GDP recovery post COVID-19 pandemic...

2020E & 2021E Real GDP Growth (%)


2

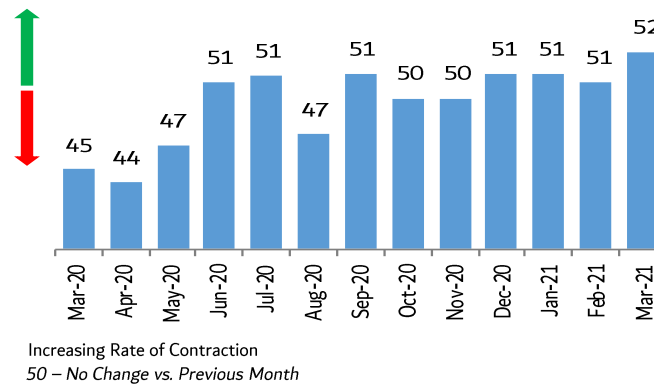
Growing Population...

2020-2025E Population Annual Growth (%)


3

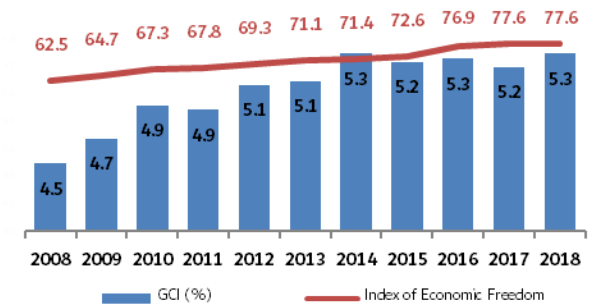
Sustained Growth in Non-Oil Economy...

UAE Non-Oil Private Sector PMI, 2020 impacted by COVID-19 Pandemic.


4

...Resulting in a Stable Business Environment

Globally, strengthened with the quality of its enabling environment, the UAE ranked 25th on the Global Competitiveness Index (GCI 2019) & ranked 18th on the 2020 Index of Economic Freedom (1st in the MENA) with a score of 76.2.



Source: The UAE National Bureau of Statistics, Euromonitor, Bloomberg, World Economic Forum, Emirates NBD, The Heritage Foundation, IMF World Economic Outlook Database, October 2020.

Main highlights of Dubai economy:

- The Emirate of Dubai has reported its budgeted expenses for 2021 to reach AED 57.1bn.
- During 2020, Dubai is one of the few destinations that remains largely open for visitors, albeit with tighter travel restrictions due to Covid-19. Dubai has set a new tourism industry 2040 masterplan which will provide long term guidance to addressing the industry's competitiveness.
- With AED 24.7 billion in FDI inflows, Dubai ranked first in attracting foreign direct investments in the Middle East and North Africa for 2020, and third globally on greenfield FDI projects and fourth in FDI capital flows.
- Dubai is the 1st regionally and the 8th globally in the Global Financial Centres Index. And ranks the 16th among 190 countries in the 2020 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 value of listed Sukuk amounted to AED252bn – end of Q1 2020. According to the IMF, During 2001–2015, \$53.8bn or 36 percent of all global Sukuk issuances originated in the UAE.

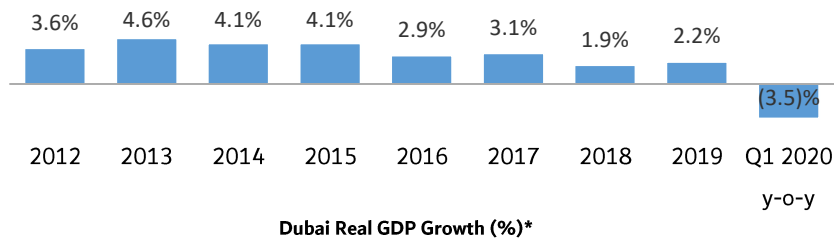
Source: Emirates NBD research, Dubai Investment Development Agency, 2017 Global Investment Report published by UNCTAD, Doing Business World Bank, IMF, Gulf news.

* Source: Dubai Statistics Center, some GDP growth percentages were revised due to a new national account series issued by the Dubai Statistics Center. 2019 figures are preliminary estimates, with Q1 2020 decline vs. Q1 2019 due to COVID-19 pandemic.

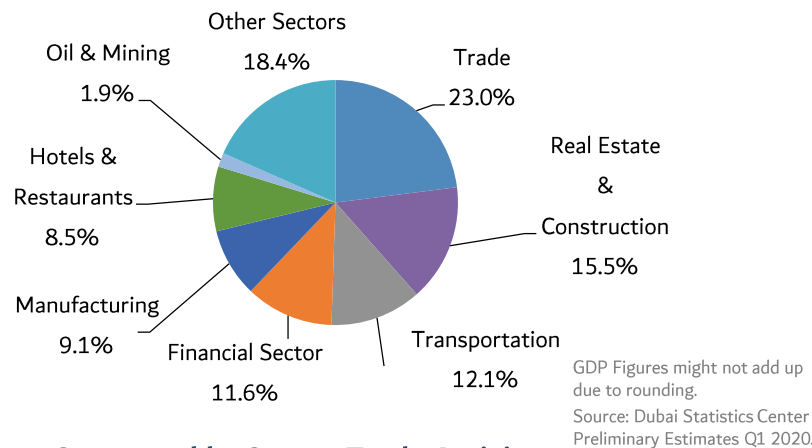
¹ Source: The Dubai Advantage, Dubai FDI.

Dubai Growth is Driven by a Well-Diversified Economy

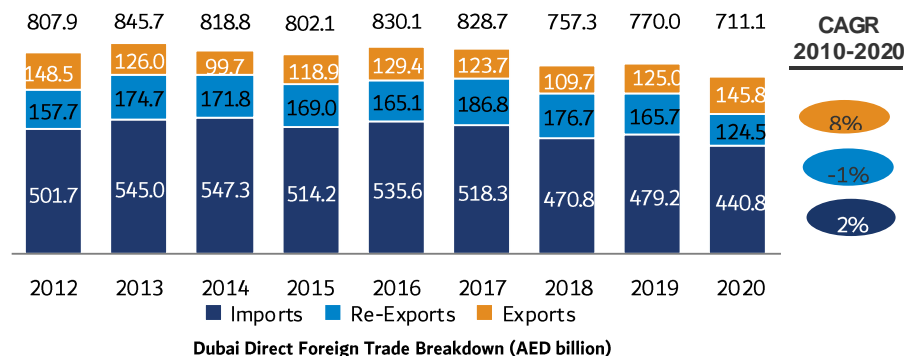
Continuous Dubai GDP Growth ...



...Driven by a Diversified Economy...



...Supported by Strong Trade Activity



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 regional 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

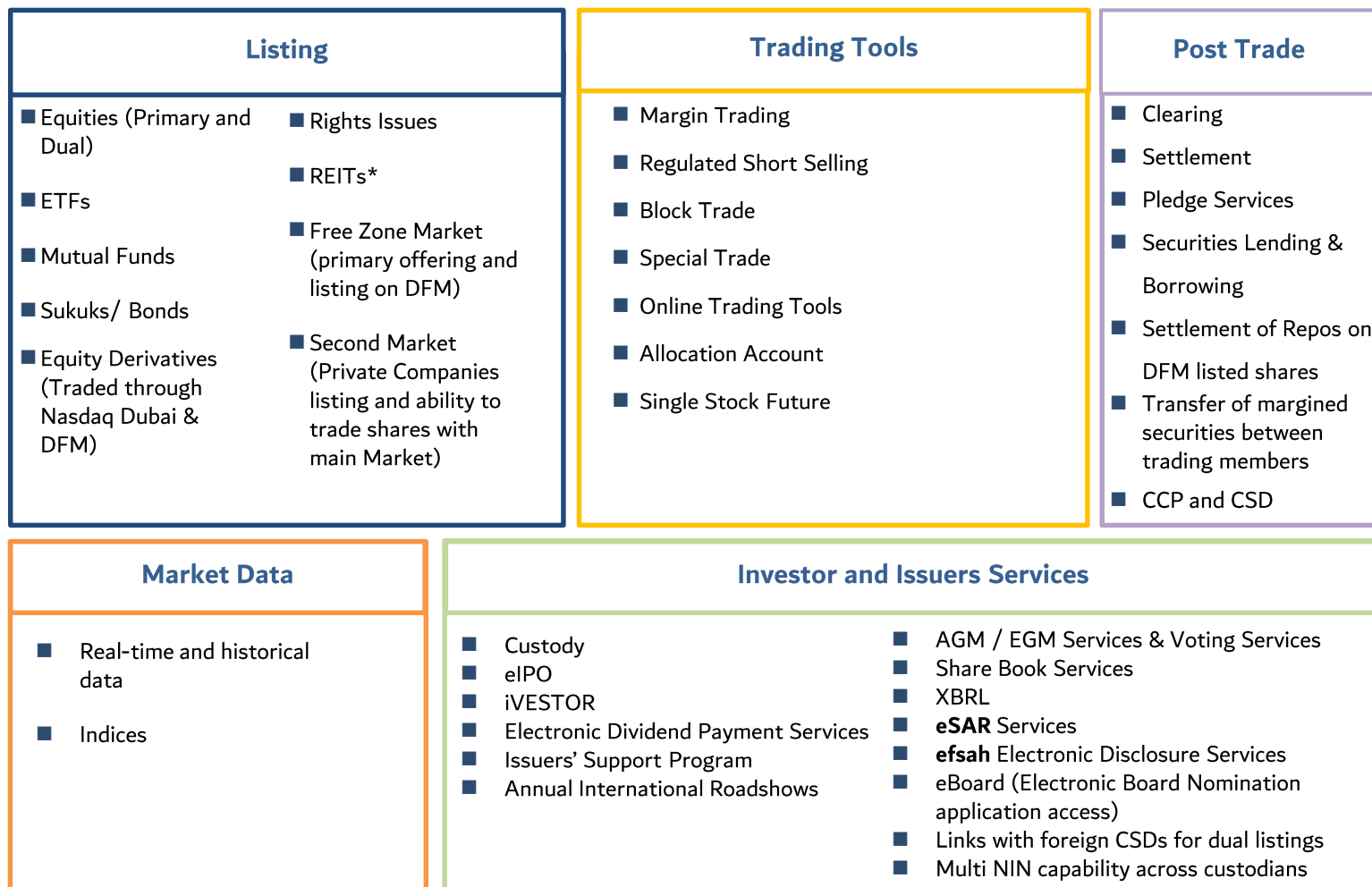
Post-Trade Functions Development

As part of a comprehensive development of the post-trade functions and in line with the international best practices, the DFM PJSC officially launched its new CCP and CSD subsidiaries on 28th April 2020.

Key Benefits	Main Impact
Enhanced efficiency in operational performance to improve 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.
Enhanced risk mitigation	<ul style="list-style-type: none"> • Enhanced risk management by ring-fencing risk through creating separate legal entities.
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. • Comply with SCA's CSD regulations which require a separate legal entity for CSD business license. Dubai CSD LLC is the first licensed CSD in the UAE. • Comply with the international best practice recommendations.

DFM's Diversified Product Offering

Multiple product and service offerings leading to diversified revenue streams

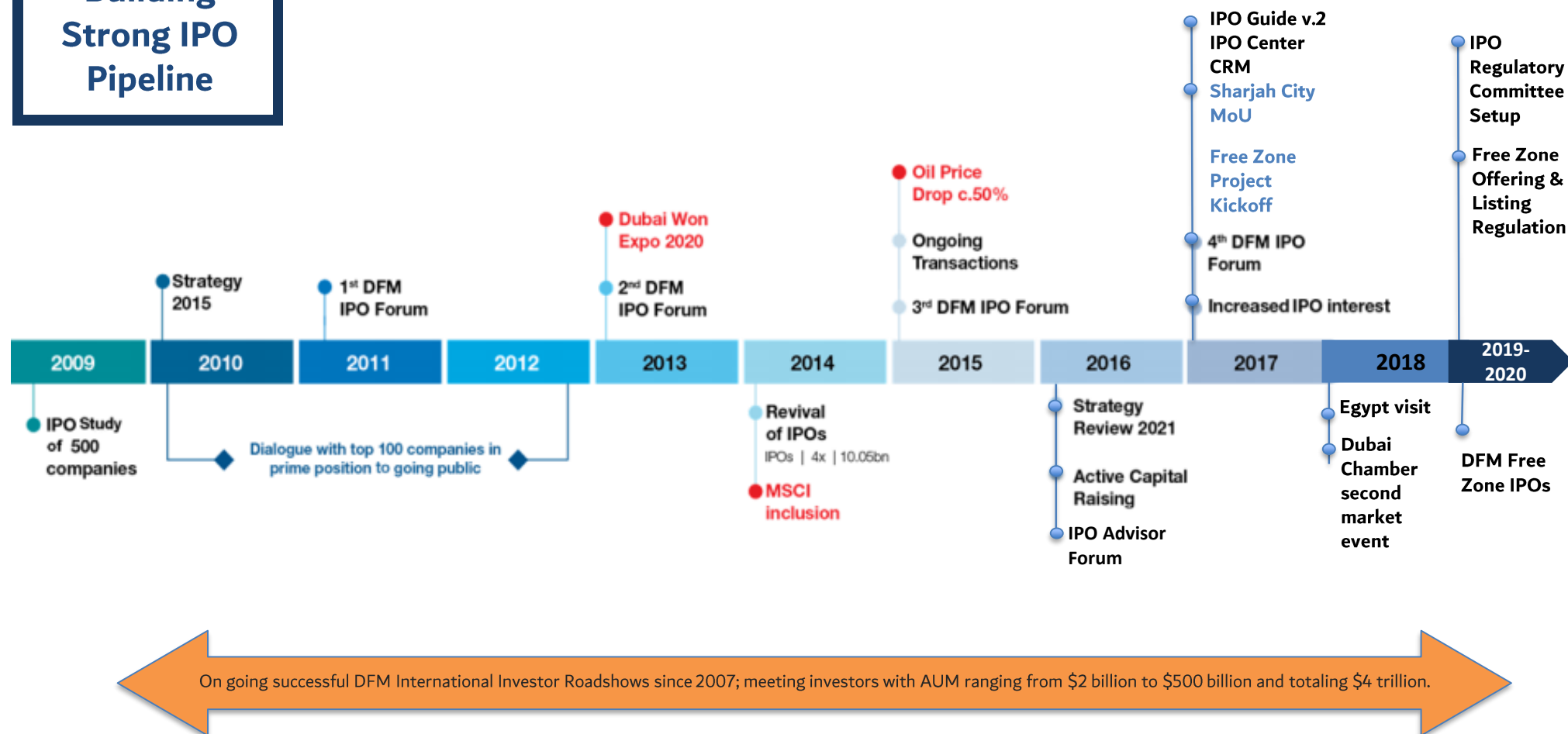


Note: Nasdaq Dubai launched Derivatives trading in September 2016.

* In progress



Strategic Milestones Building Strong IPO Pipeline

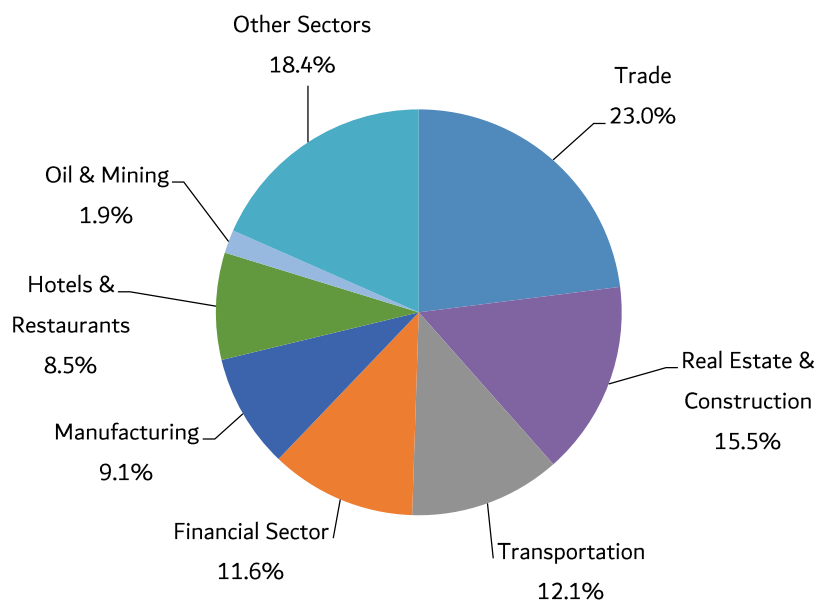


Sectors Mix of Dubai's GDP vs. DFM's

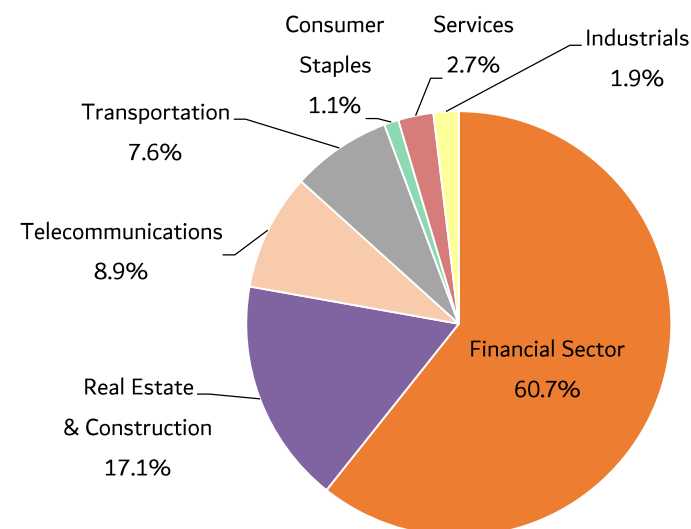
DFM's IPO pipeline strategy aims at a better reflection of Dubai's GDP mix.

- Unlike the economy, the DFM market is dominated by the Financial sector and the Real Estate and Construction sector. These sectors collectively represent 27.1% of the economy vs. 78% of the market capitalisation, by end of Q1 2020.
- 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 – Q1 2020*



DFM Sectors Breakdown¹ - Q1 2020



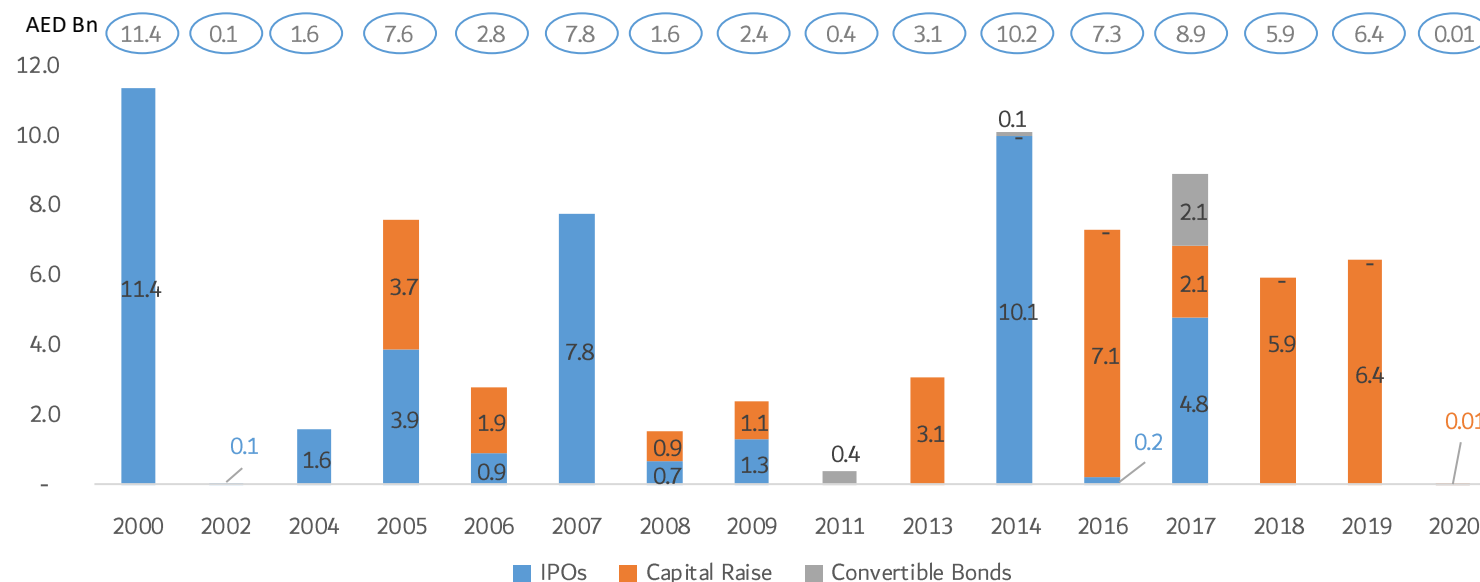
Figures may not add up to 100% due to rounding.

* Source: Dubai Statistics Center Preliminary Estimates Q1 2020.

¹ DFM Sector Breakdown is by market cap.

Issuer Transactions 2000 – 2020

Funds raised on DFM reached AED 77+ billion (inception – 2020)*



IPOs (2014 – 2018)



Capital Raise (2014 -2018)



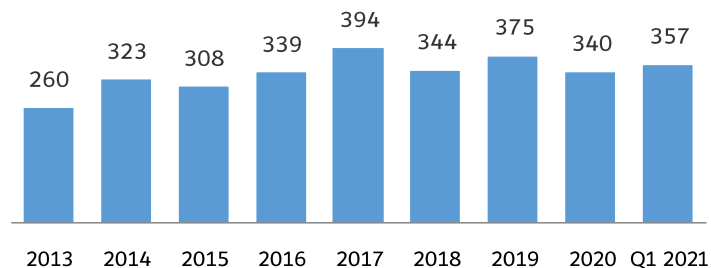
Convertible Bonds (2011 – 2017)



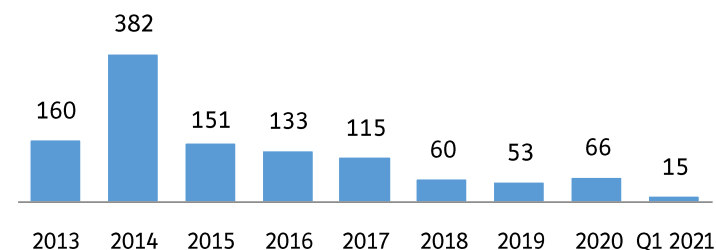
*Total funds raised represent the floated amounts in AED.

Operational Highlights

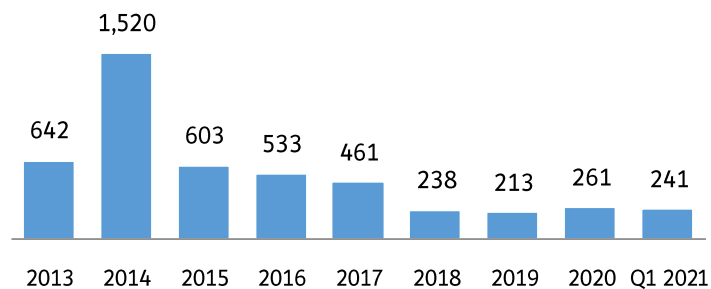
Market Capitalization (AED bn)



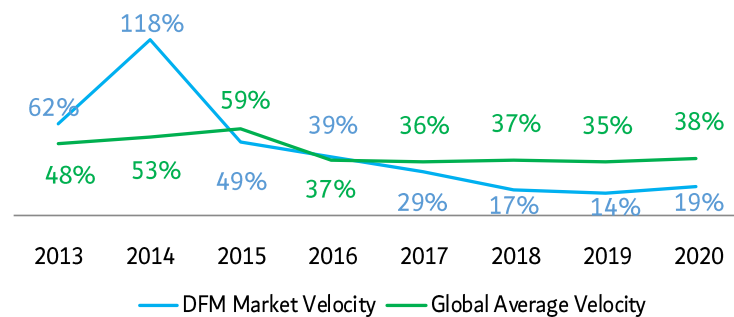
Total Traded Value (AED bn)



ADTV (AED mn)



Market Velocity¹ (%)



Note: Figures exclude Nasdaq Dubai

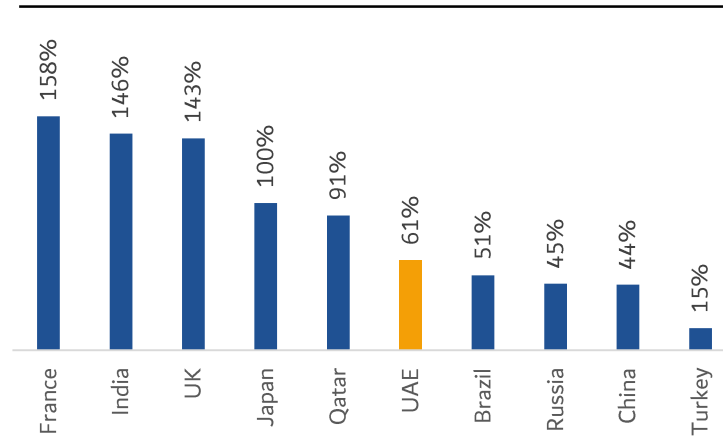
¹ Velocity is calculated as annualized trade value/end of period market capitalization.

Source for global velocity figures is the World Federation of Exchanges.

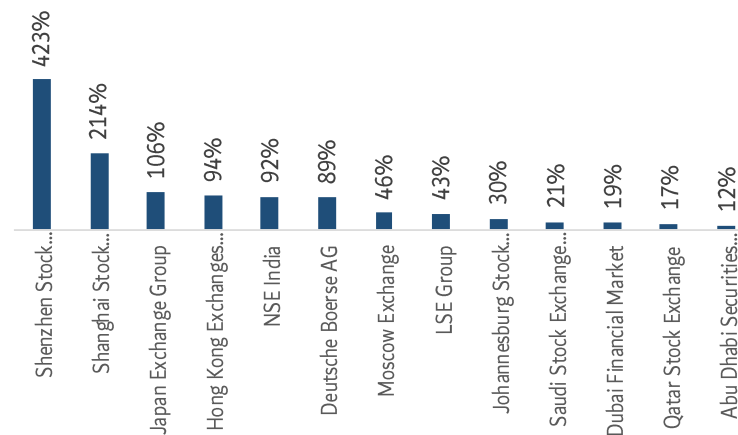


DFM Presents Significant Growth Opportunities

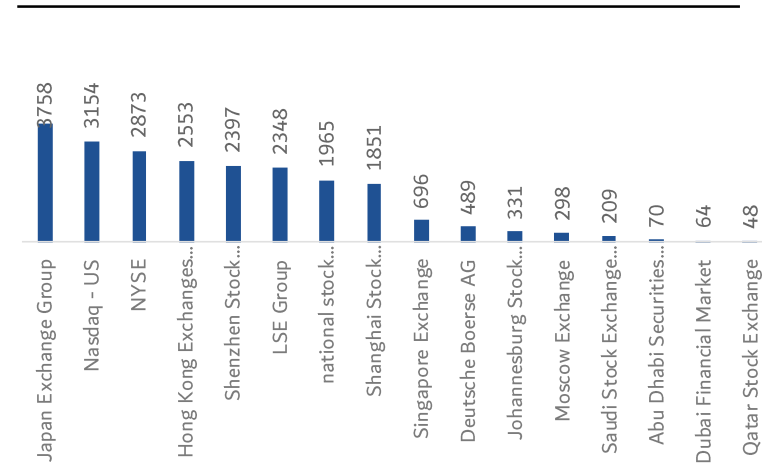
Equity Market Capitalisation to GDP¹



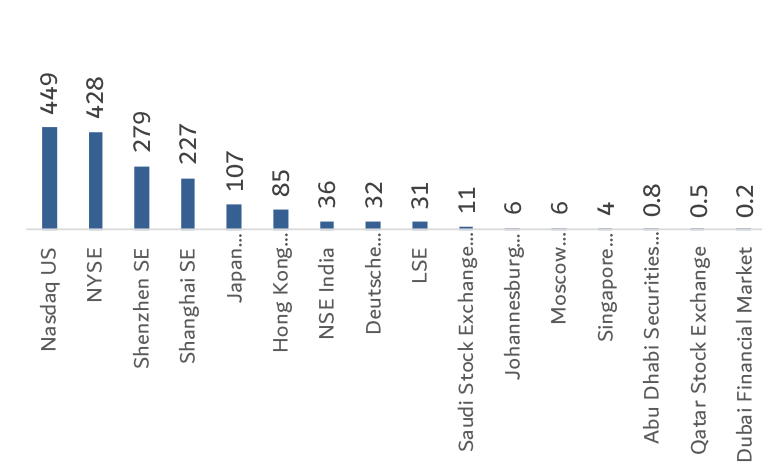
Equity Market Velocity³



Number of Listed Companies²



ADTV (AED bn)²



Source: Euromonitor, World Bank, World Federation of Exchanges.

¹ Based on Dec 2019 market capitalization over 2019 real GDP.

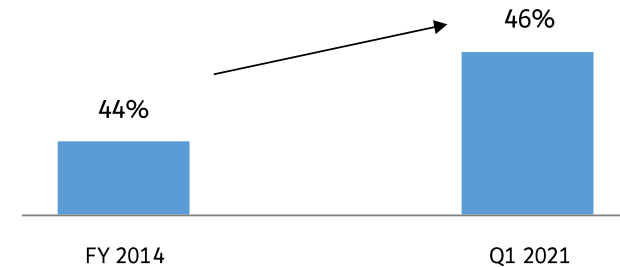
² Data is updated till end of March 2020.

³ Data is updated till end of Dec 2020, according to the latest available data.

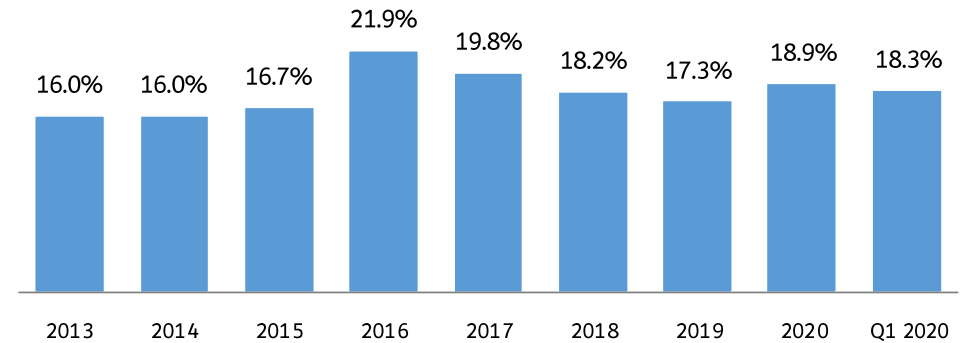
Continued Foreign Investor Interest

- 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)



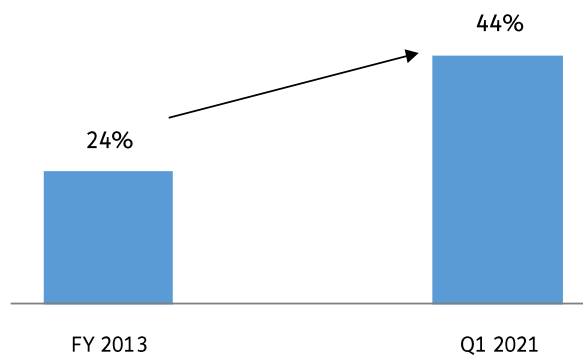
Source: DFM analytics.

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

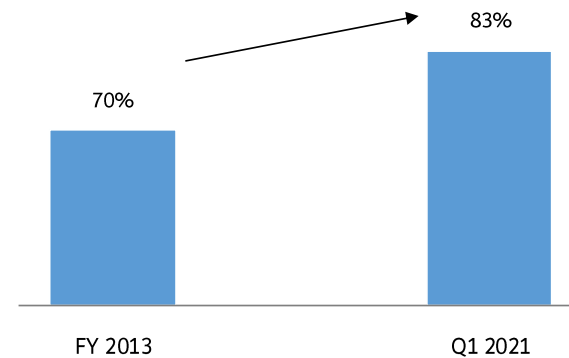


Increasing Institutional Investor Base

Institutional Trading Share (%)



Institutional Ownership (% of Market Cap)



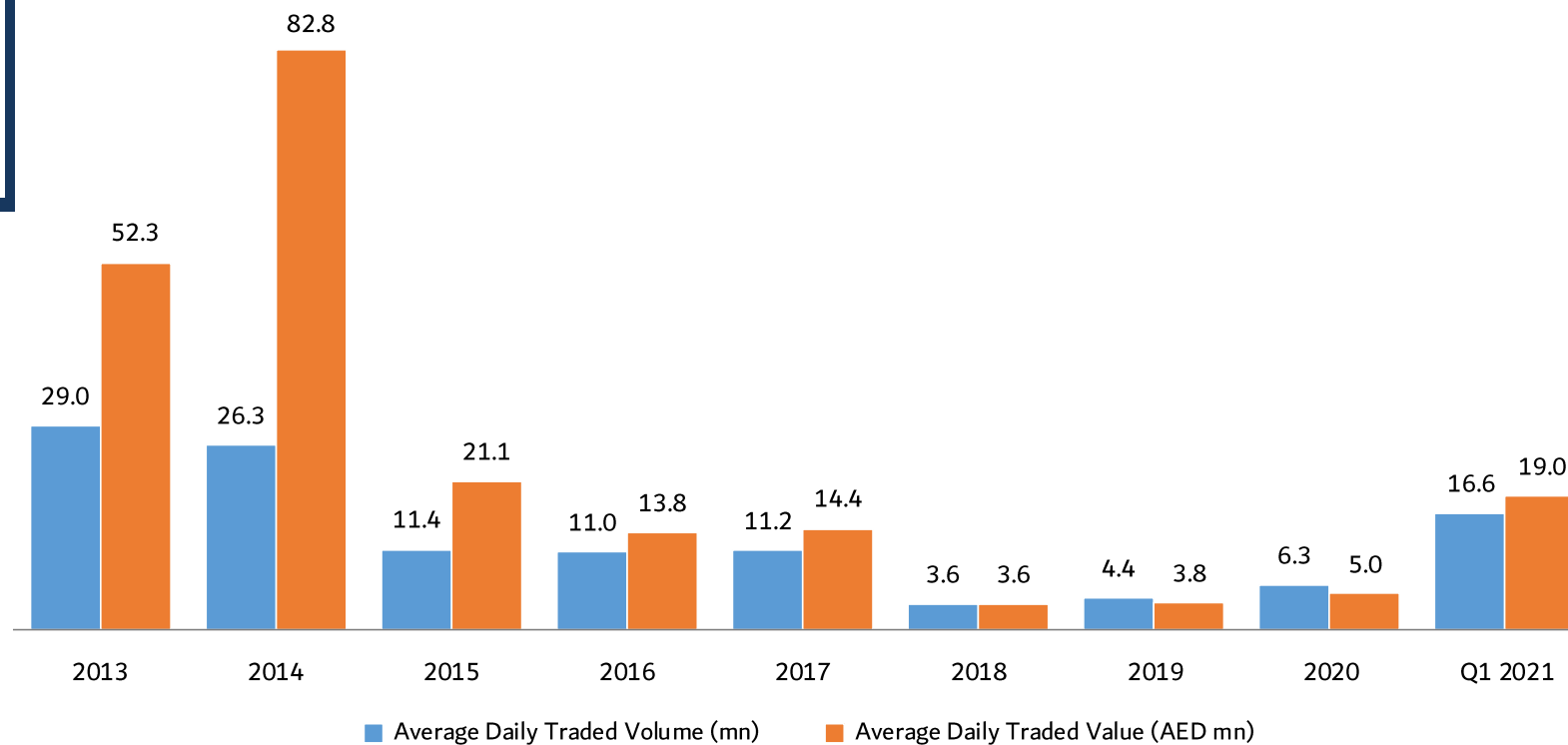
Commentary

- The DFM has attracted an increasing institutional investor base, following growth in the 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 2020.

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



DFM PJSC Stock Trading Activity



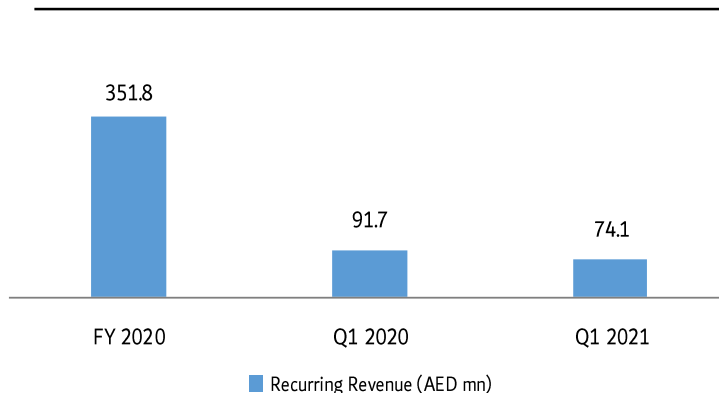
Source: DFM analytics.



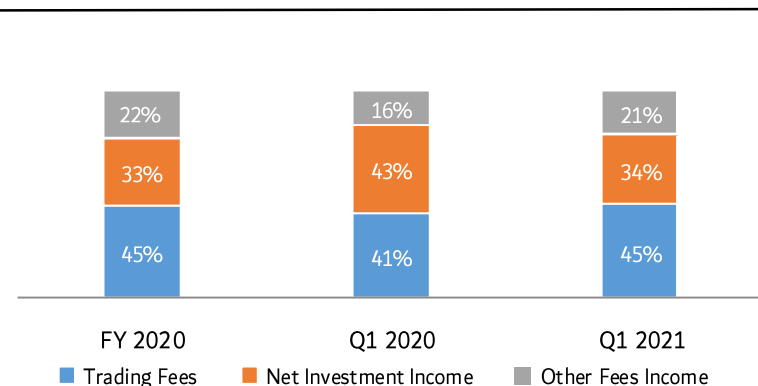
Financial Highlights

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

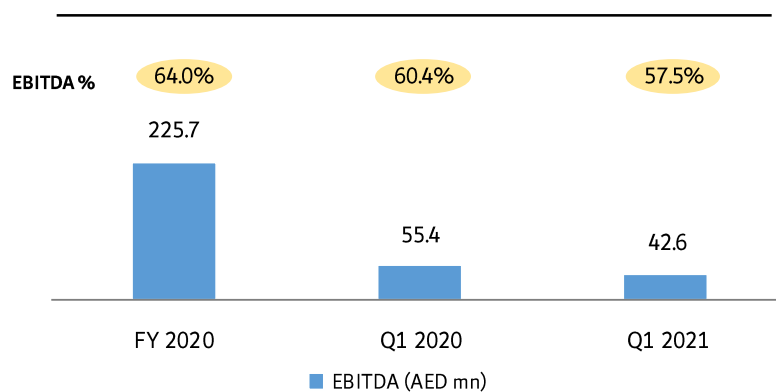
Recurring Revenue (AED mn)



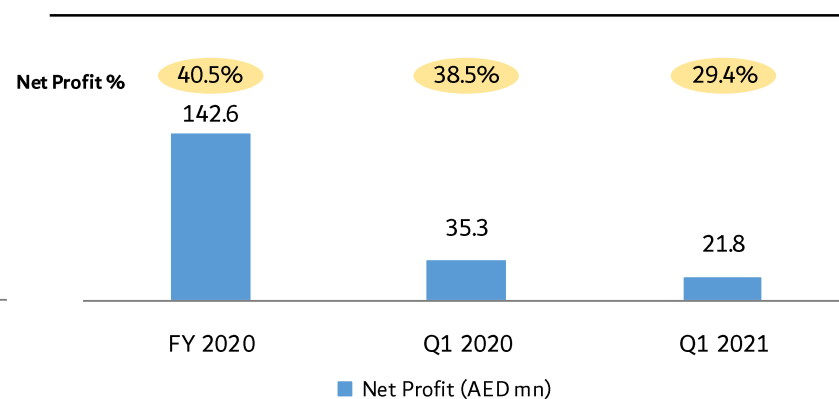
Total Revenue Mix (%)



EBITDA (AED mn) and EBITDA Margin (%)



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



* As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating rental expenses, the Group recognized right to use of assets and therefore reclassified rent/lease expense as depreciation expense starting Q1 2019.

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.

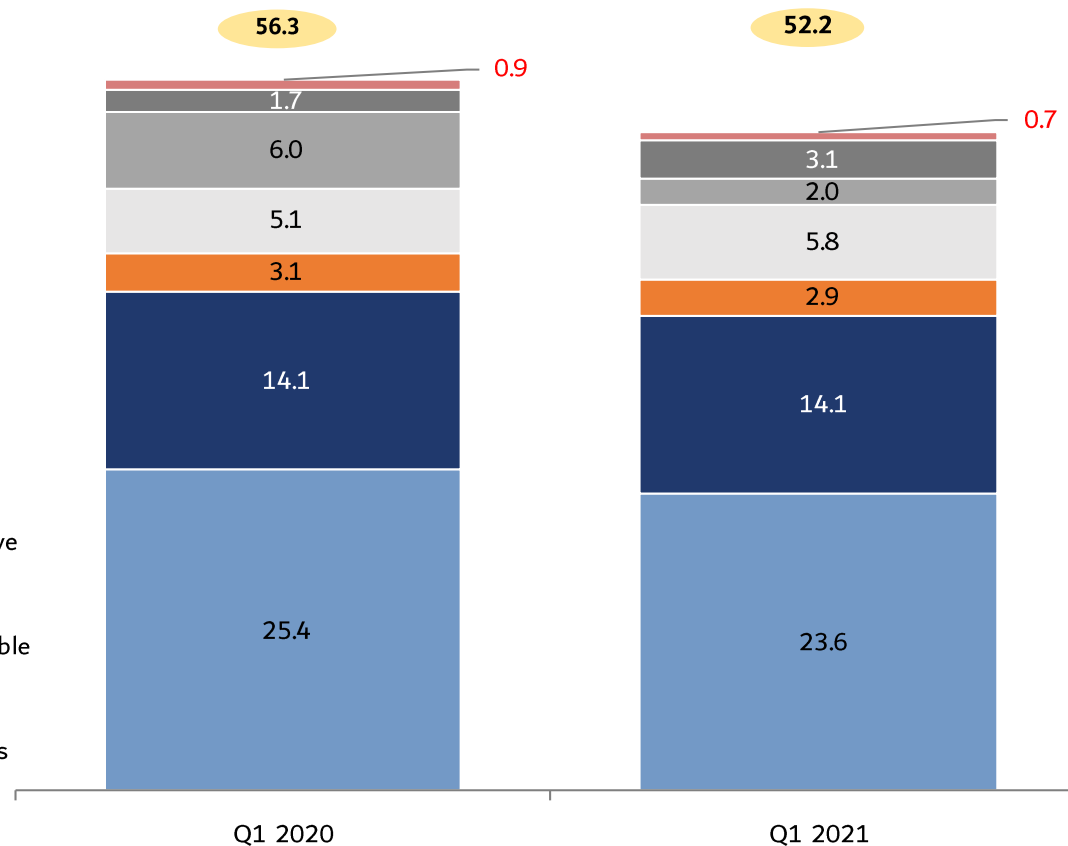


Stable Expense Base

Total expenses (AED mn)

- Interest Expense
- Maintenance
- Others
- Depreciation
- General & Administrative Expenses
- Amortization of Intangible Assets
- Payroll & Other Benefits

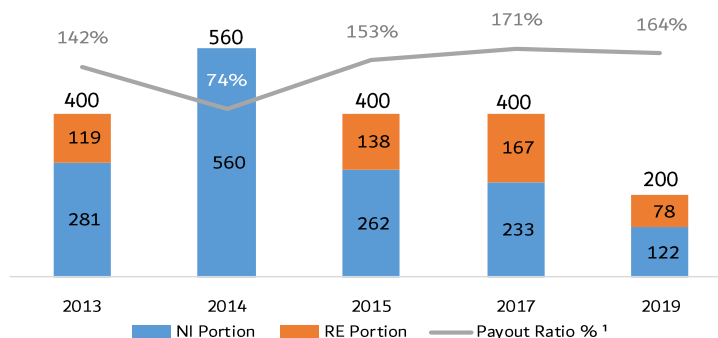
Breakdown in AED mn



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

Dividend Payout History

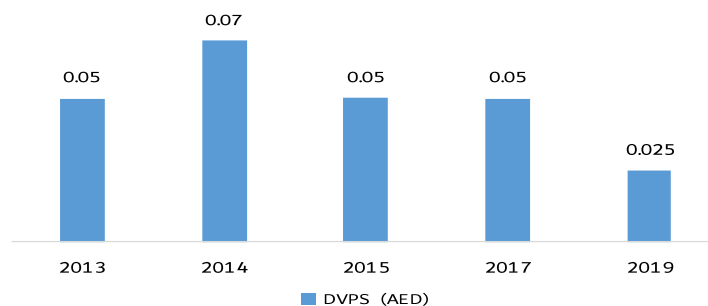
Dividends (AED mn)



NI stands for Net Income, whereas RE stands for Retained Earnings.

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

Dividend Per Share (AED)



Note: Consolidated financial statements

Selected Balance Sheet Items

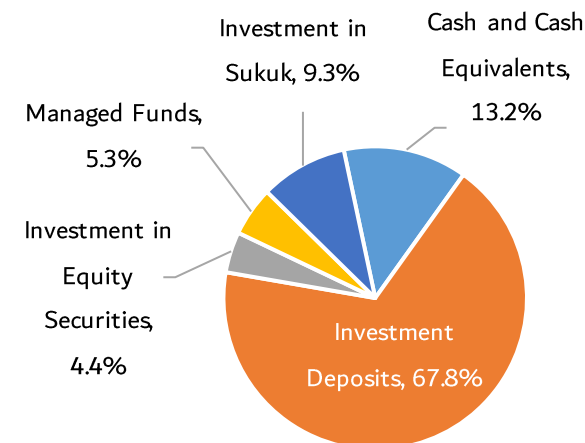
(AED mn)	Q1 2020	Q1 2021
Investment Deposits	3,047	3,087
Financial Assets Measured at Fair Value and amortized cost	885	866
Goodwill	2,879	2,879
Other Intangible Assets	2,076	2,019
Property and Equipment	364	350
Total Assets	9,722	9,925
Total Equity	7,616	7,795

Strong Balance Sheet with Significant Financial Assets

Main Financial Assets*

(AED mn)	Q1 2021
Cash and Cash Equivalents	601
Investment Deposits	3,087
Less than 3 Months	1,151
Up to 1 Year but More than 3 Months	1,701
More than 1 Year	235
Other Financial Assets Measured at Fair Value – (FVTOCI)	866
Investment in Equity Securities	202
Managed Funds	240
Investment in Sukuk	424
Total	4,554

Main Financial Assets Breakdown Q1 2021*



Commentary

- Investment deposits are placed with financial institutions in the UAE, with profit rates ranging from 1.5% to 2.9% per annum.
- Investment in Sukuk in the UAE matures in 2-8 years and carries a fixed profit rate of 4.50% - 5.112% per annum.
- 97% of the other financial assets are invested within the UAE.

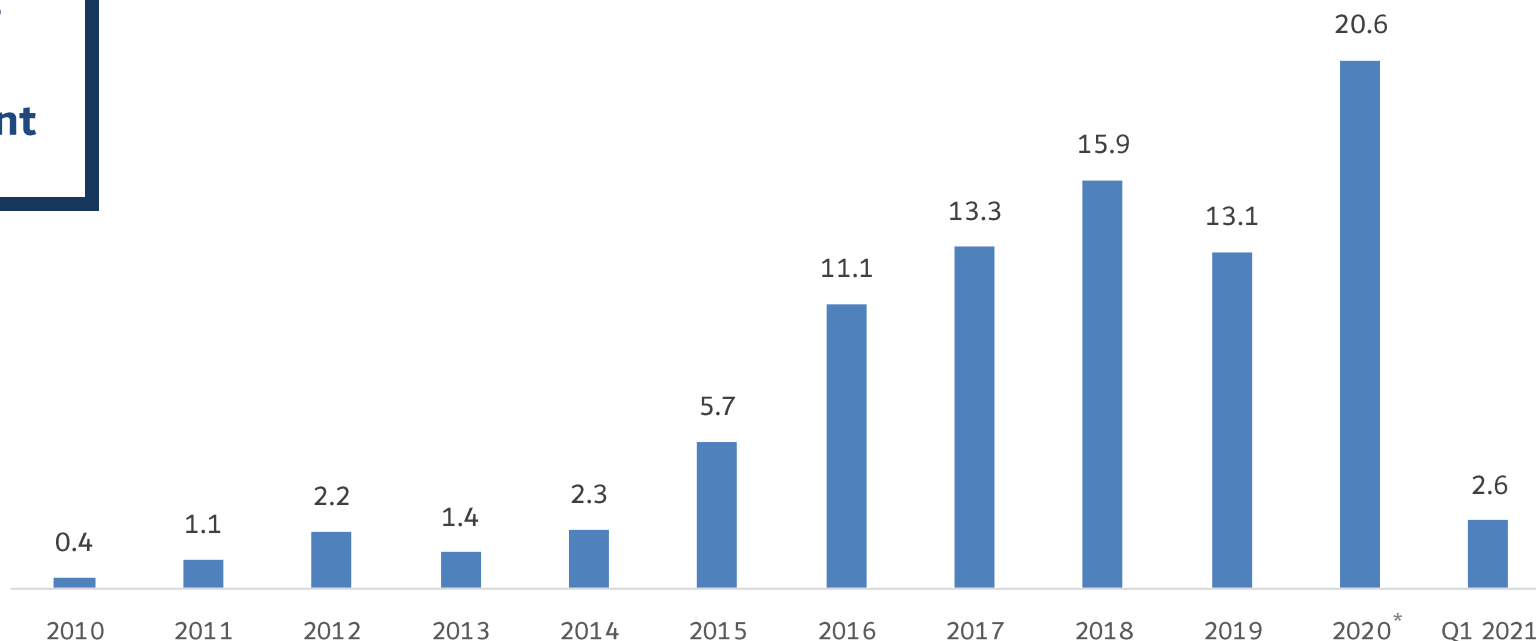
Note: Consolidated financial statements

*Some figures & percentages might not totally add up due to rounding.



Issuers Dividends (AED bn)

**Strong
Track Record
of Issuers
Dividend
Management**



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

*During Q3 2020, DFM managed additional AED 10.3 billion in Dubai Ports World's cash offer to its shareholders.



APPENDICES

DFM Consolidated P&L

(AED mn)	Q1 2020	Q1 2021
Trading Commission Fees	37.8	33.6
Brokerage Fees	4.0	3.6
Clearing, Settlement and Depository Fees	6.9	5.9
Listing and Market Data Fees	2.5	2.5
Other Fees	0.5	0.6
Operating Income	51.7	46.1
Investment Income	30.5	20.0
Dividend Income	9.0	5.0
Other Income	0.49	2.9
Total Income	91.7	74.1
Payroll and Other Benefits	(25.4)	(23.6)
Other General & Administrative Expenses	(10.8)	(8.0)
Depreciation*	(5.1)	(5.8)
Amortization of Intangible Assets	(14.1)	(14.1)
Interest Expense	(0.9)	(0.7)
Total Expenses	(56.3)	(52.2)
Net Profit for the Year	35.3	21.8
Attributable to:		
Owners of the Company	34.7	23.4
Non-controlling Interest	0.6	(1.6)
EPS (AED)	0.004	0.003

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



Nasdaq Dubai

Nasdaq Dubai

Ownership Structure



100%



80.66%

19.34%

Public Stake



66.67%

Nasdaq Dubai

100%

Dubai Central Clearing and Depository Holding LLC

Updates on 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 with some exceptions can be granted upon ministerial decision 	<ul style="list-style-type: none"> Allows international investors up to 100 percent ownership in a UAE onshore business entity in specific sectors. Established the UAE Foreign Direct Investment Committee ('FDIC') under the FDI Law.
Agency Law	<ul style="list-style-type: none"> Businesses with branding agencies have to be 100% owned by UAE nationals 	<ul style="list-style-type: none"> Amendment of the agency law was approved by the UAE Government and is under implementation
Corporate Governance Rules		<ul style="list-style-type: none"> During 2020, SCA issued new governance rules pertaining to disclosure, transparency and sustainability on par with international standards along with mandating ESG reporting aligned with Global Reporting Initiative standards.

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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