

Dubai Financial Market

Investor Presentation

Q2 ,2015

حيث ملتقى السيولة
Connecting Liquidity



CONTENTS



MENASA Region : Macroeconomics	1
Dubai : Middle East's Financial Hub	5
UAE Capital Markets : DFM / ND / ADX	10
Two Exchanges, One Market : DFM & ND	16
Corporate Strategy : Going Forward	28





THE REGION – MENASA / GCC/ UAE

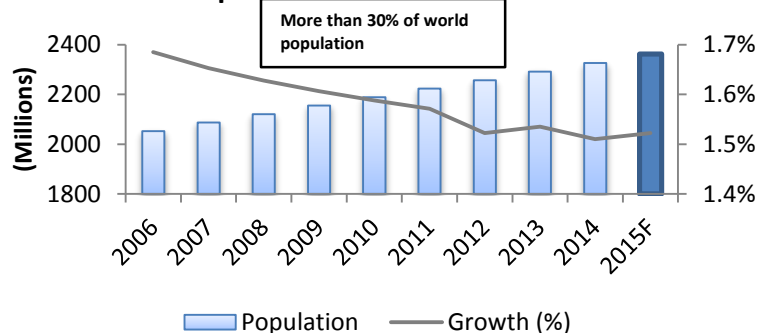
AN ECONOMIC POWERHOUSE

MENASA REGION : SOLID ECONOMIC FUNDAMENTALS -PROMISING GROWTH

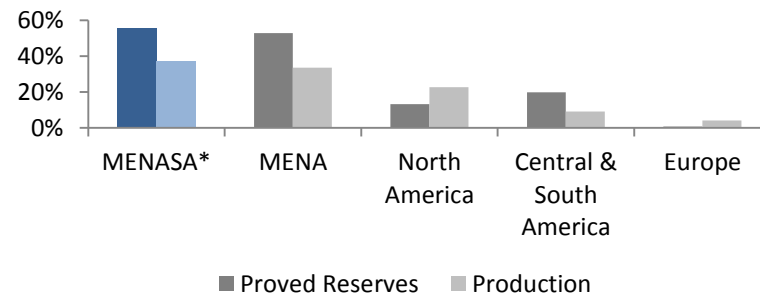


MENASA region is emerging as a powerful economic bloc with tremendous growth potential, combining the sovereign wealth funds (SWFs) of the Mena region to the economic growth story of, say, India, hence, the economic paradigm shift towards this region from other emerging markets

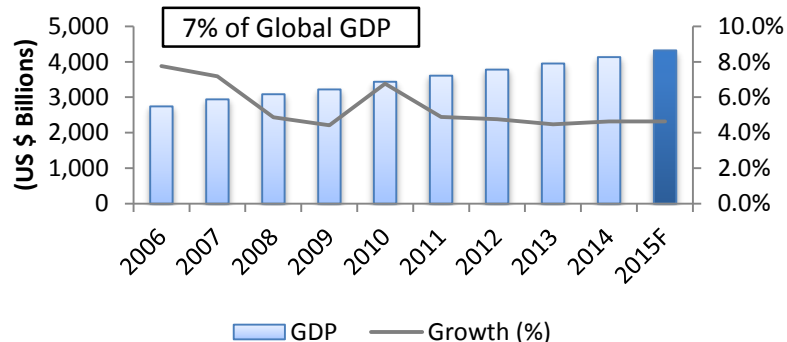
Population and Growth



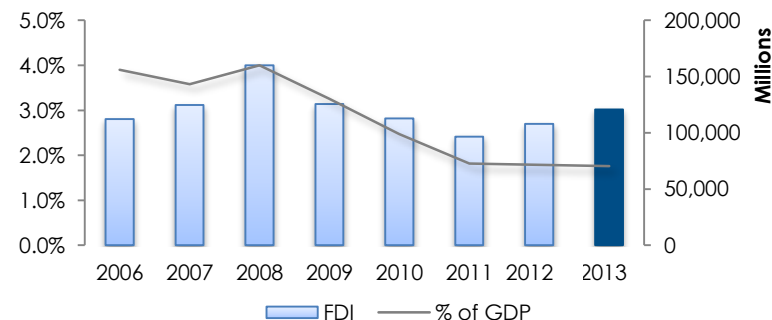
Oil Reserves and Production (% of Global)



GDP at Constant Prices and Growth



FDI 2006 - 2013



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

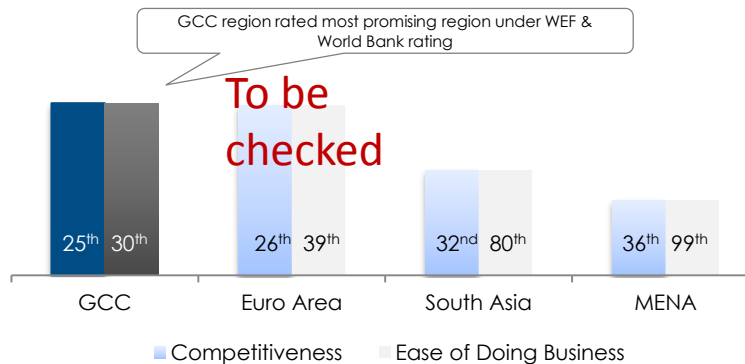
GCC GDP Growth Rates (2010 - 2014)					
	2010	2011	2012	2013	2014
Bahrain	4.3%	2.1%	3.6%	5.3%	4.5%
Kuwait	-2.4%	9.6%	6.6%	1.5%	1.0%
Oman	4.8%	-1.1%	7.1%	3.9%	4.6%
Qatar	16.7%	14.1%	5.1%	6.2%	6.2%
Saudi Arabia	4.8%	10.0%	5.4%	2.7%	3.5%
UAE	1.6%	4.9%	4.7%	5.2%	3.6%

GCC – Country Ratings 2013

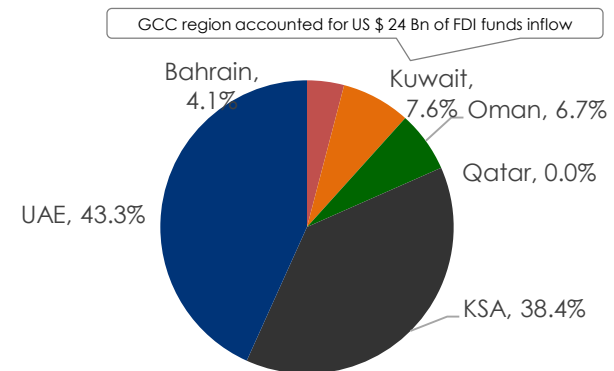
Country	S&P	Moody's	Fitch
Bahrain	BBB	Baa1	BBB
Kuwait	AA	Aa2	AA
Oman	A	A1	A
Qatar	AA	Aa2	AA-
Saudi Arabia	AA-	Aa3	AA-
UAE	AA	Aa2	AA-

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

GCC Ranking 2013



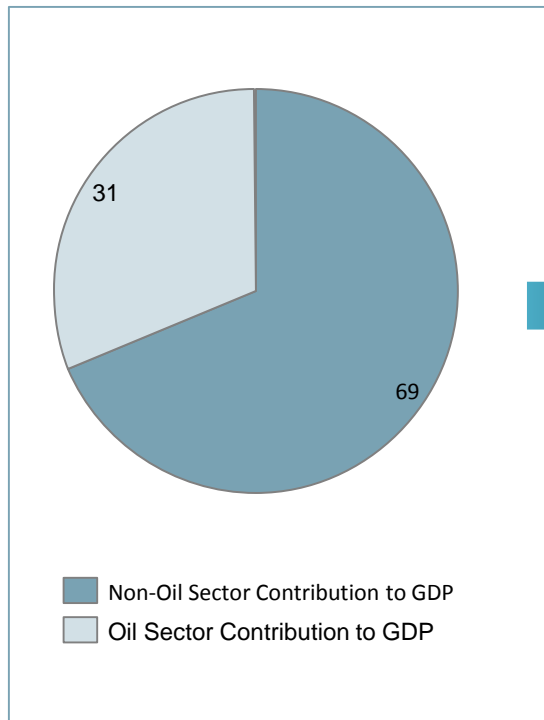
GCC – FDI Share by Country 2013



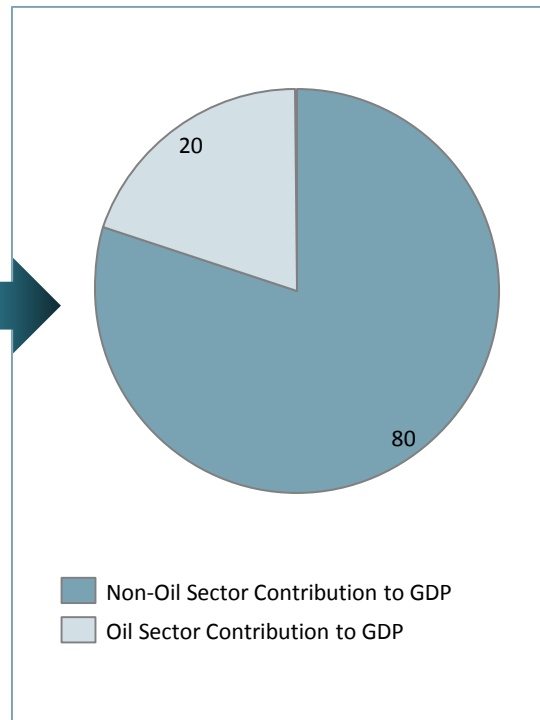
- Strong growth in the non-hydrocarbon sector
- Regional wealth and liquidity
- Fiscal discipline with increase in investment spending
- UAE's service driven economy benefitting from the global trade
- AED 750 B worth of infrastructural projects to be spent on construction till 2021
- AED 14B to be spend 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)**



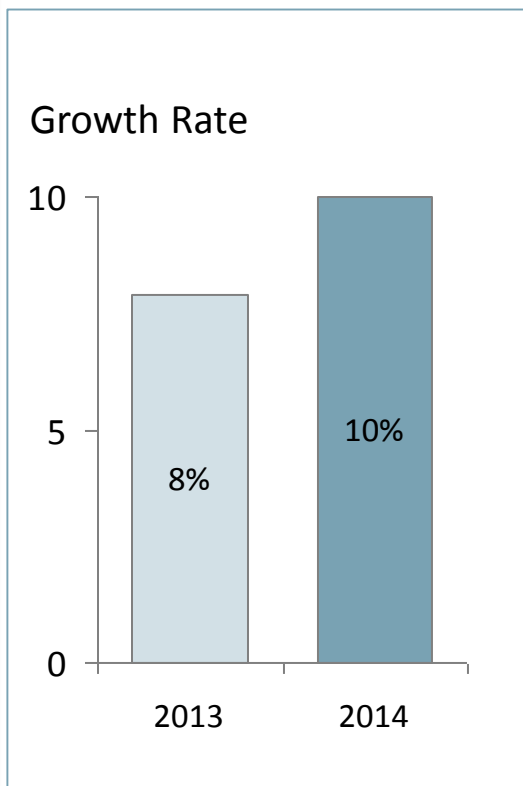
**Oil Sector vs. Non-Oil Sector
Contribution to UAE GDP (2021)**



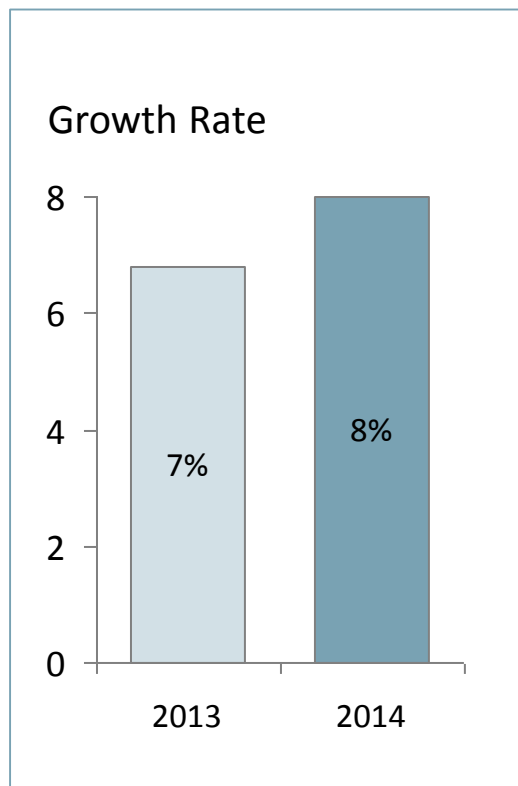
Comments

- 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

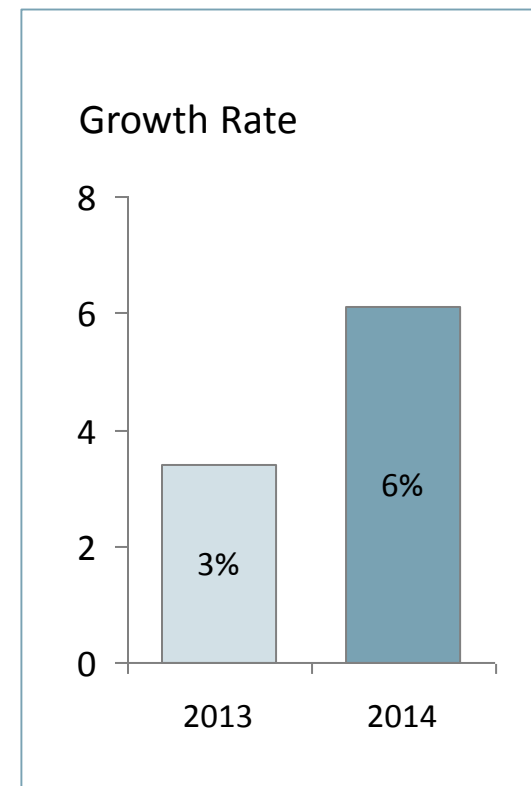
Transport and Storage



Wholesale and Retail



Construction





DUBAI

THE FINANCIAL HUB OF MIDDLE EAST

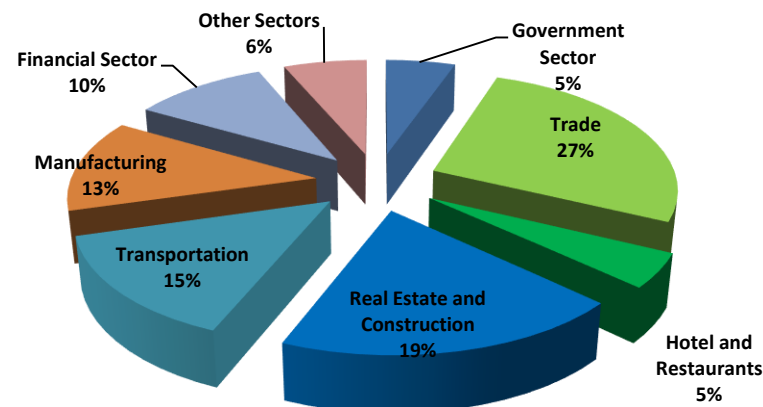
“Our vision is clear, our goals are obvious, our strengths are great, our will is strong and we are ready. We want Dubai to be a global center of excellence, creativity and leadership”.

-HH Sh. Mohammed
Ruler of Dubai

Dubai's core strengths remain fundamentally sound

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

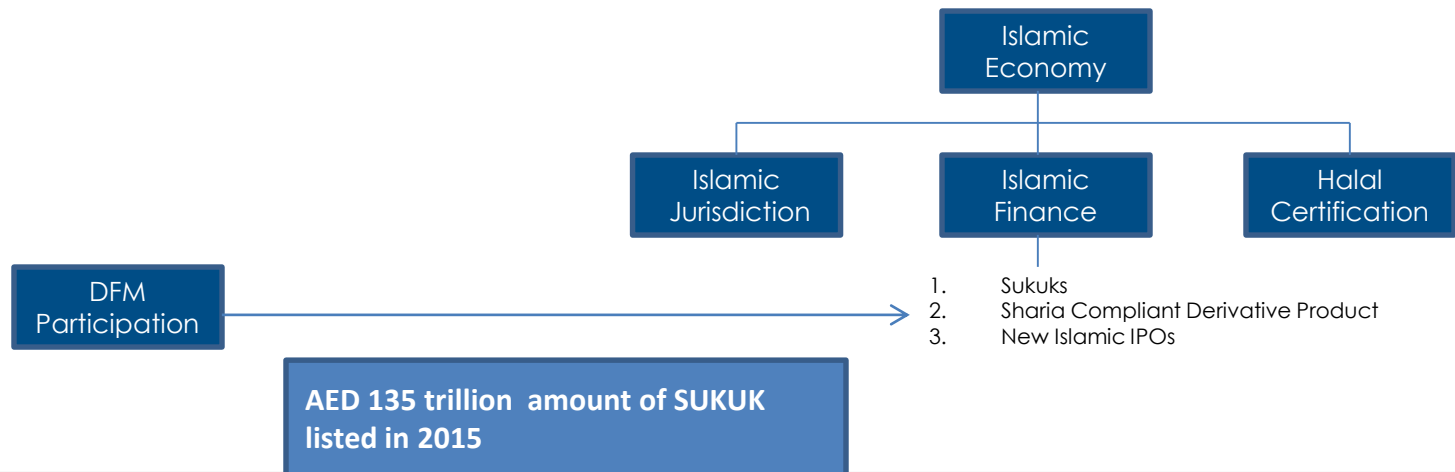
Dubai plan to
become the
Capital of
Islamic Economy
in the next 3
years

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 cosmo-cultures, 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



- Organizational restructuring of government departments & related entities
- Successful debt restructuring across all sectors with zero defaults
- GDP is projected to grow at 4%+ and above going forward, as per IMF, way above the average GDP growth of western counterparts

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.

DUBAI:

NEW Vs. OLD COMPANY LAW

Requirements	Greenfield	Convert to Public	Family Business
Offer Size	Not be less than AED 10 million.	Not be less than AED 10 million.	Not be less than AED 10 million.
Founders	Minimum 10 founding shareholders.	Minimum 10 founding shareholders.	Minimum 10 founding shareholders.
Operating History	/	Not less than 2 years.	Not less than 2 years.
Annual profit	/	A minimum annual profit of 10% of received Paid Up Capital for the <u>two fiscal years</u> prior to the submission of the Initial Public Offering ("IPO") application.	A minimum annual profit of 10% of received Paid Up Capital for the <u>two fiscal years</u> prior to the submission of the Initial Public Offering ("IPO") application.
Dividend distribution	/	A minimum dividend distribution equivalent to 10% of received Paid Up Capital for the <u>two fiscal years</u> prior to the submission of the IPO application.	A minimum dividend distribution equivalent to 10% of received Paid Up Capital for the <u>two fiscal years</u> prior to the submission of the IPO application.
Founders hold	The Founders should not hold less than 20% nor more than 45% of the total Share Capital.	Founders hold not less than 20% and not more than 45% of the total authorized Share Capital.	Founders hold not less than 20% and not more than 45% of the total authorized Share Capital.
Refund Days	Two weeks	Two weeks	Two weeks
Subscriptions period	90 Days	90 Days	90 Days
Offer Size	Not be less than AED 30 million.	Not be less than AED 30 million.	Not be less than AED 30 million.
Founders	Minimum 5 founding shareholders.	Minimum 5 founding shareholders.	Minimum 5 founding shareholders.
Operating History	/	Not less than 2 years.	Not less than 2 years.
Annual profit	/	A minimum annual profit of 10% of received Paid Up Capital for the <u>two fiscal years</u> prior to the submission of the Initial Public Offering ("IPO") application.	A minimum annual profit of 10% of received Paid Up Capital for the <u>two fiscal years</u> prior to the submission of the Initial Public Offering ("IPO") application.
Dividend distribution	/	A minimum dividend distribution equivalent to 10% of received Paid Up Capital for the <u>two fiscal years</u> prior to the submission of the IPO application.	A minimum dividend distribution equivalent to 10% of received Paid Up Capital for the <u>two fiscal years</u> prior to the submission of the IPO application.
Founders hold	The Founders should not hold less than 30 % nor more than 70 % of the total Share Capital.	Founders hold not less than 20% and not more than 70% of the total authorized Share Capital.	Founders hold not less than 20% and not more than 70% of the total authorized Share Capital.
Refund Days	5 Days	5 Days	5 Days
Subscriptions period	30 Days	30 Days	30 Days
Other	Book Building is now available for the companies as an another option with fixed price. Underwriting will be regulated by a ministerial decree	Book Building is now available for the companies as an another option with fixed price. Underwriting will be regulated by a ministerial decree	Book Building is now available for the companies as an another option with fixed price. Underwriting will be regulated by a ministerial decree

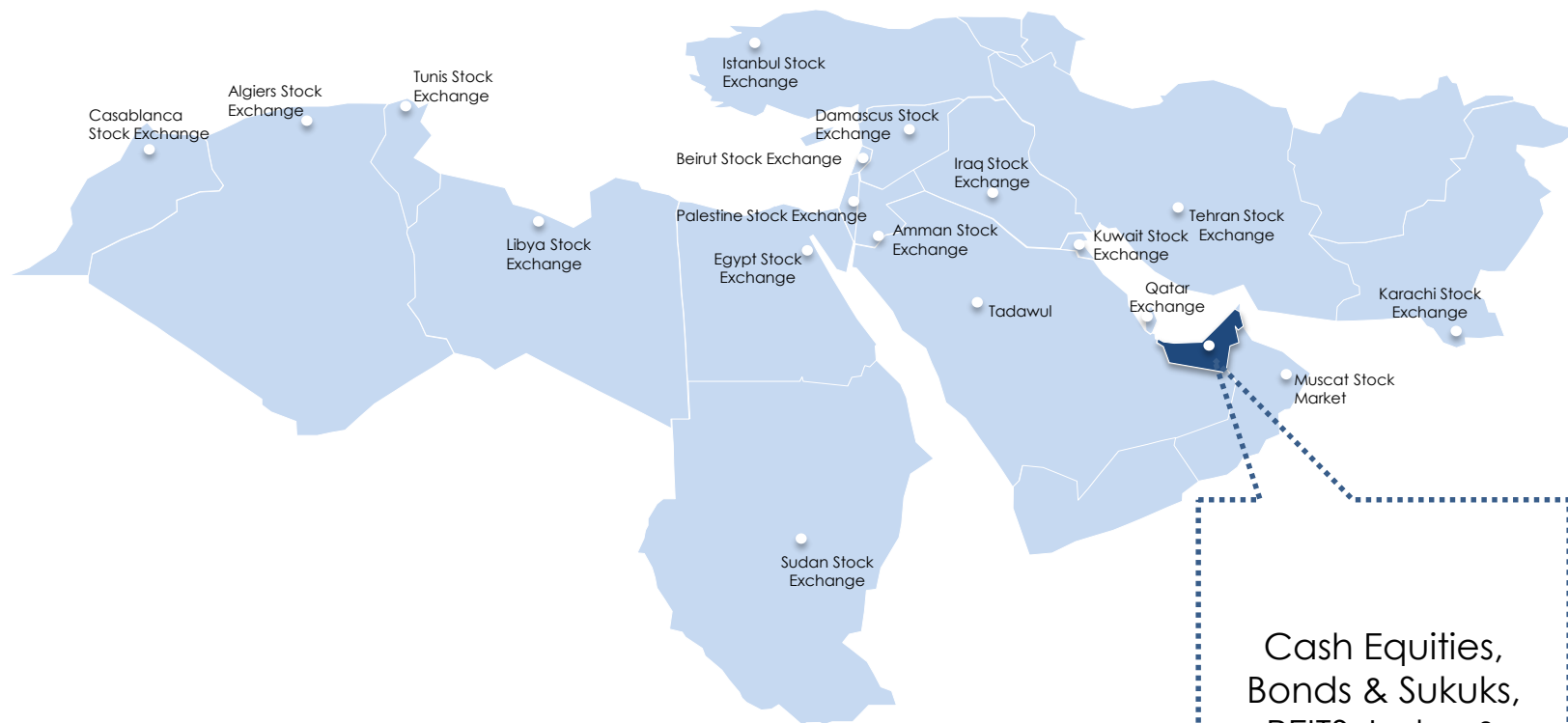


CAPITAL MARKETS

UNITED ARAB EMIRATES

CAPITAL MARKETS:

KEY EXCHANGES IN THE REGION



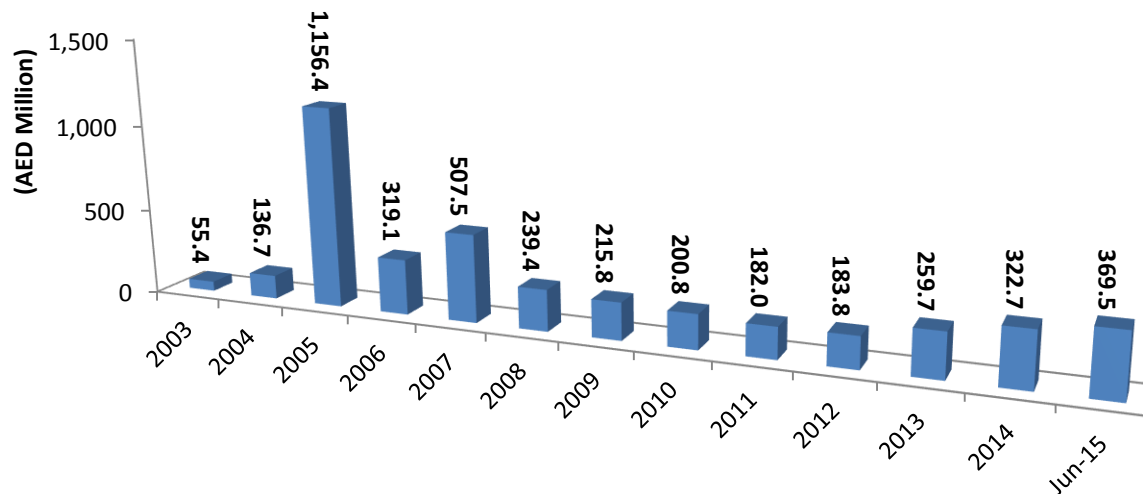
Only UAE offer a wide array of trade exchanges/products in the entire MENA region

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

END-OF-PERIOD MARKET CAPITALIZATION (2003 –Q2, 2015)

All figures in AED Mn

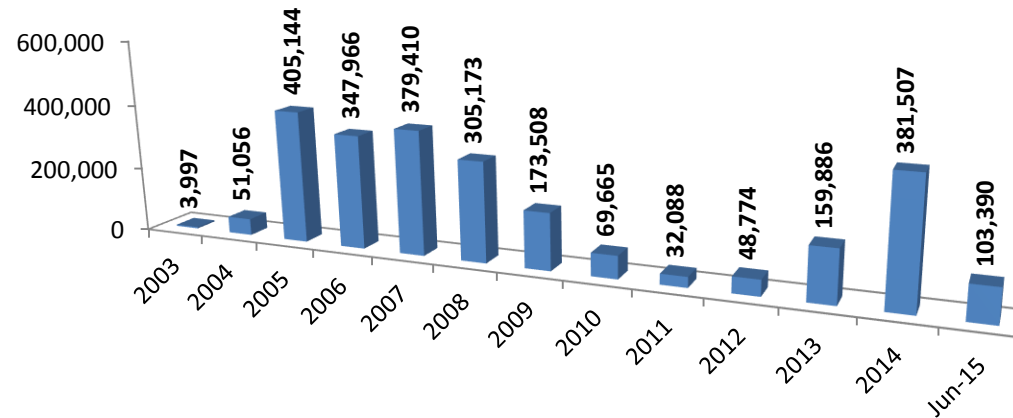
1.14% increase in market capitalization in Q2,2015



Q1

All figures in AED Mn

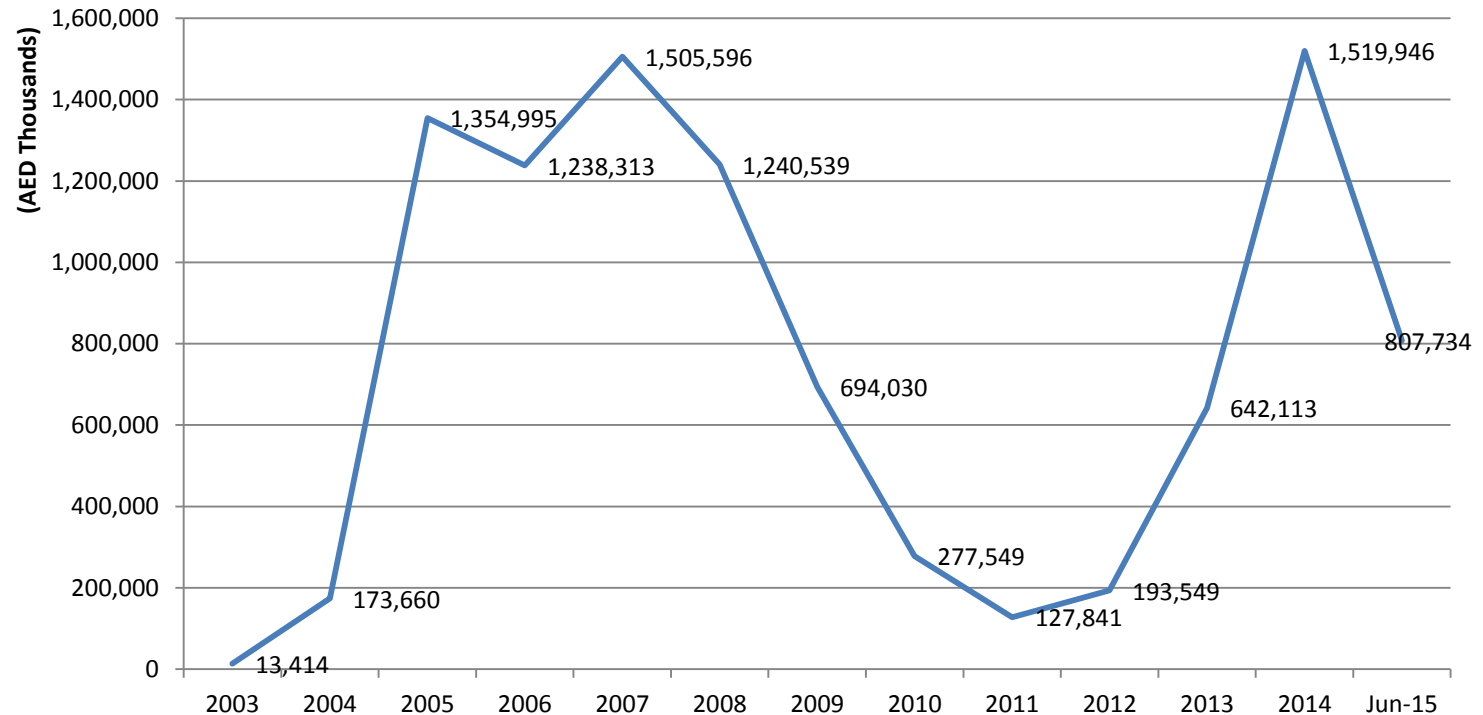
Trade Value on DFM 2003 – Q2,2015



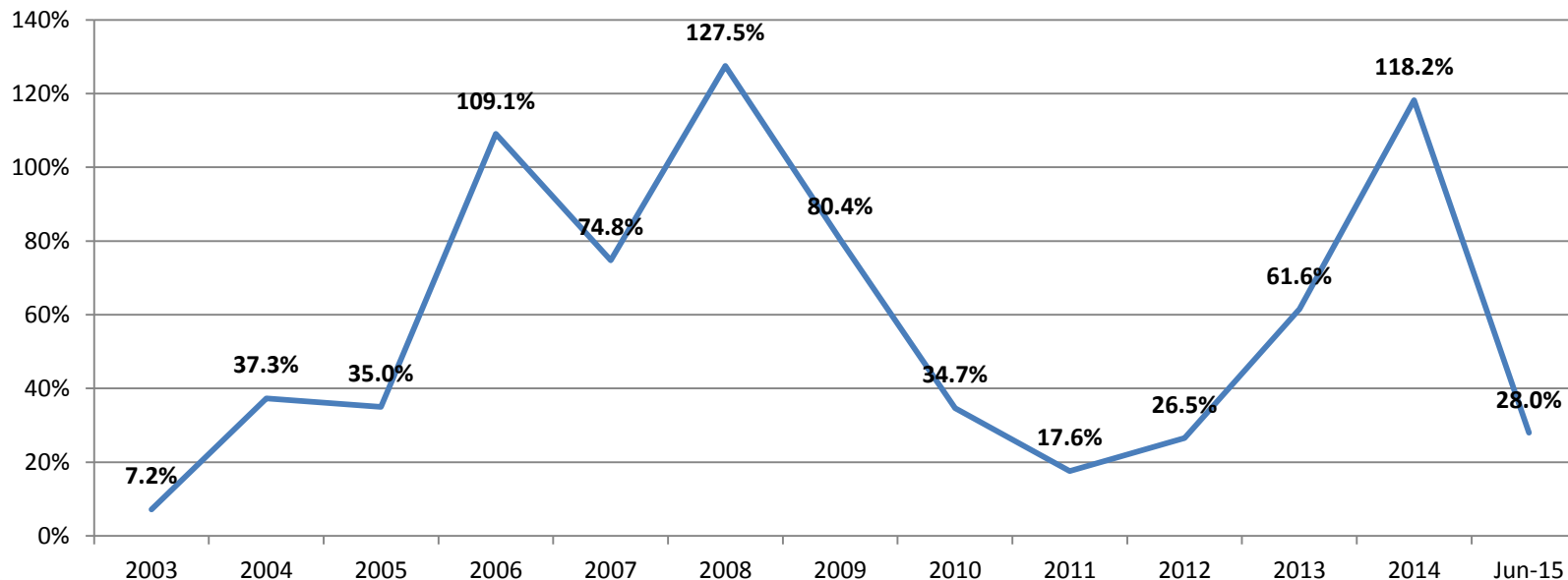
DFM exchange has seen a slow down in trading driven by regional instability, oil prices and general sentiments.

AVERAGE TRADED VALUE - DFM (2003 – Q2,2015)

All figures in AED '000

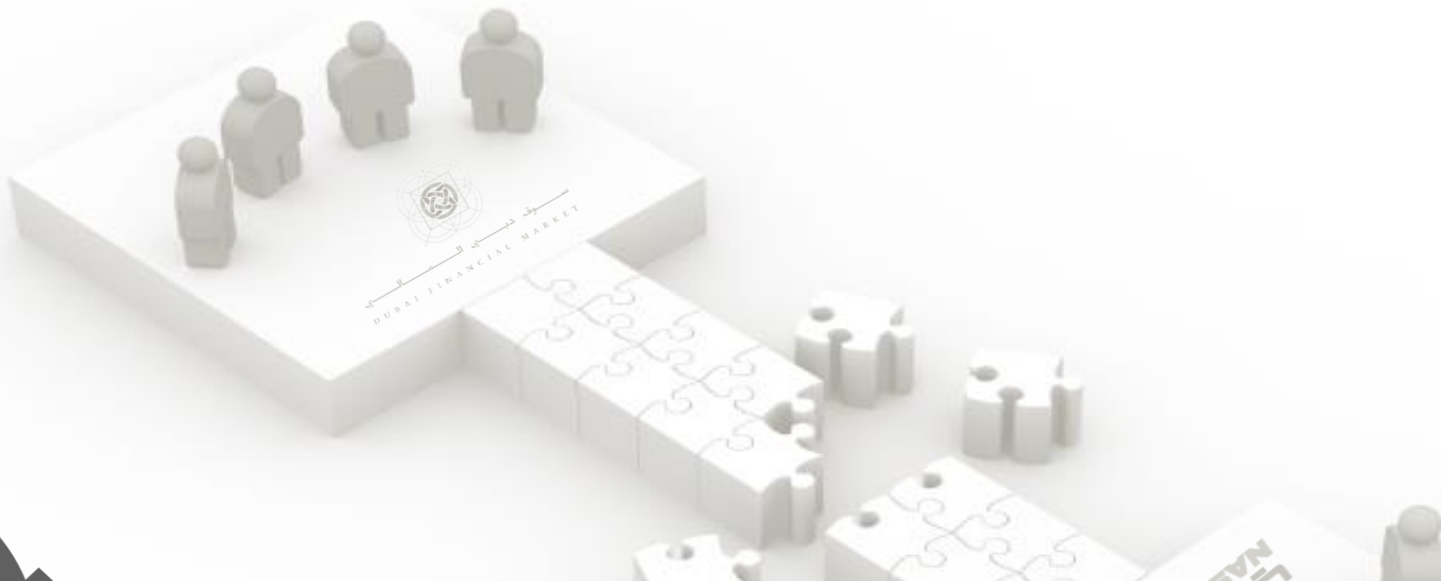


DFM Market Velocity (2003 – Q2,2015)



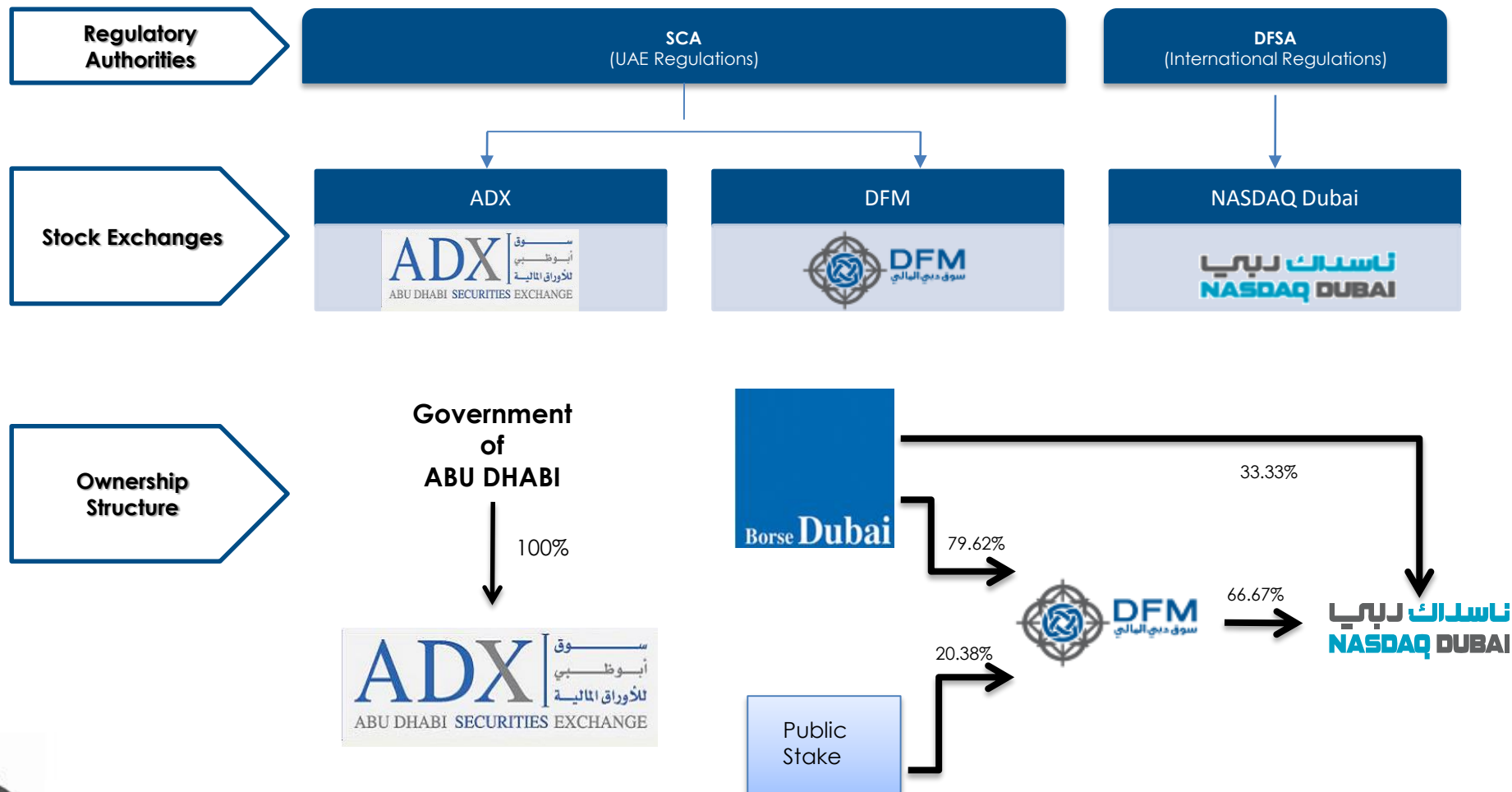
*Velocity is calculated as Annualized Trade Value / Market Capitalization

Source : DFM/ND Analytics

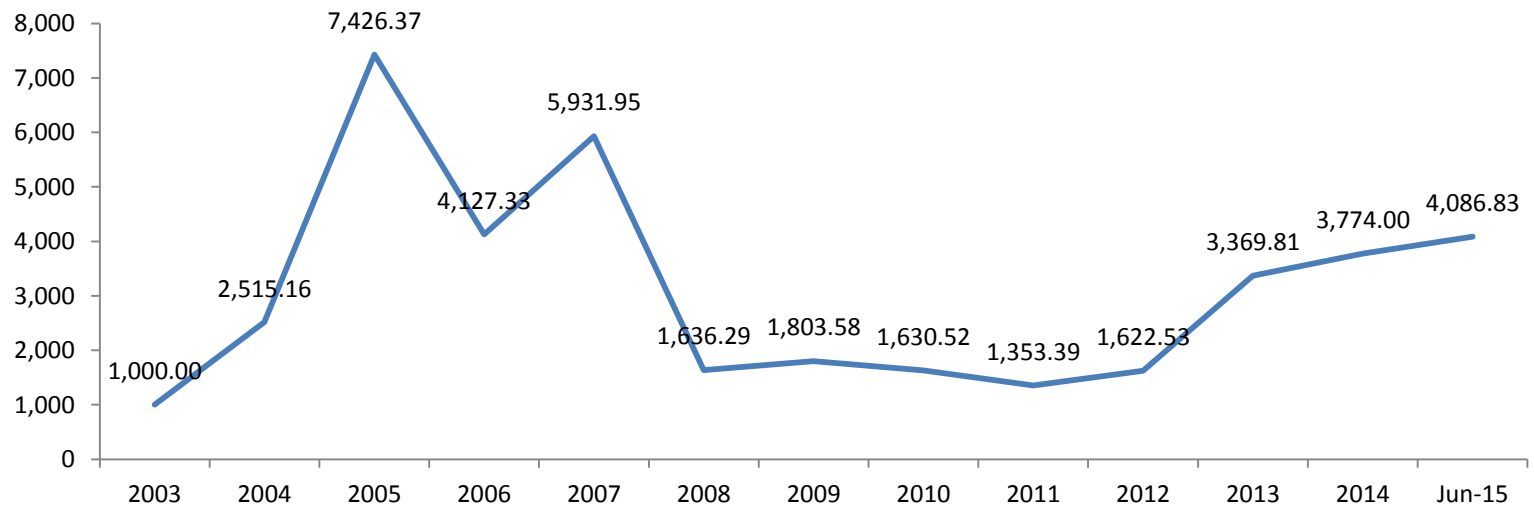


DFM / NASDAQ DUBAI

TWO EXCHANGES, ONE MARKET

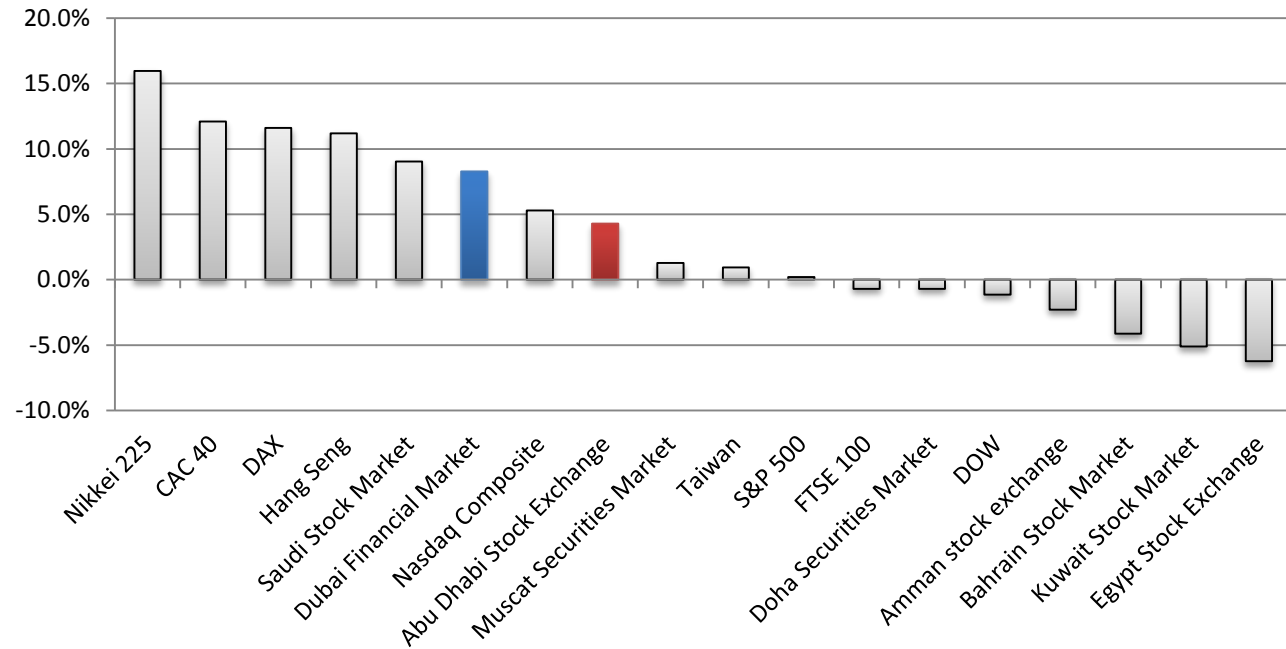


DFM General Index Performance 2003 – Q2, 2015

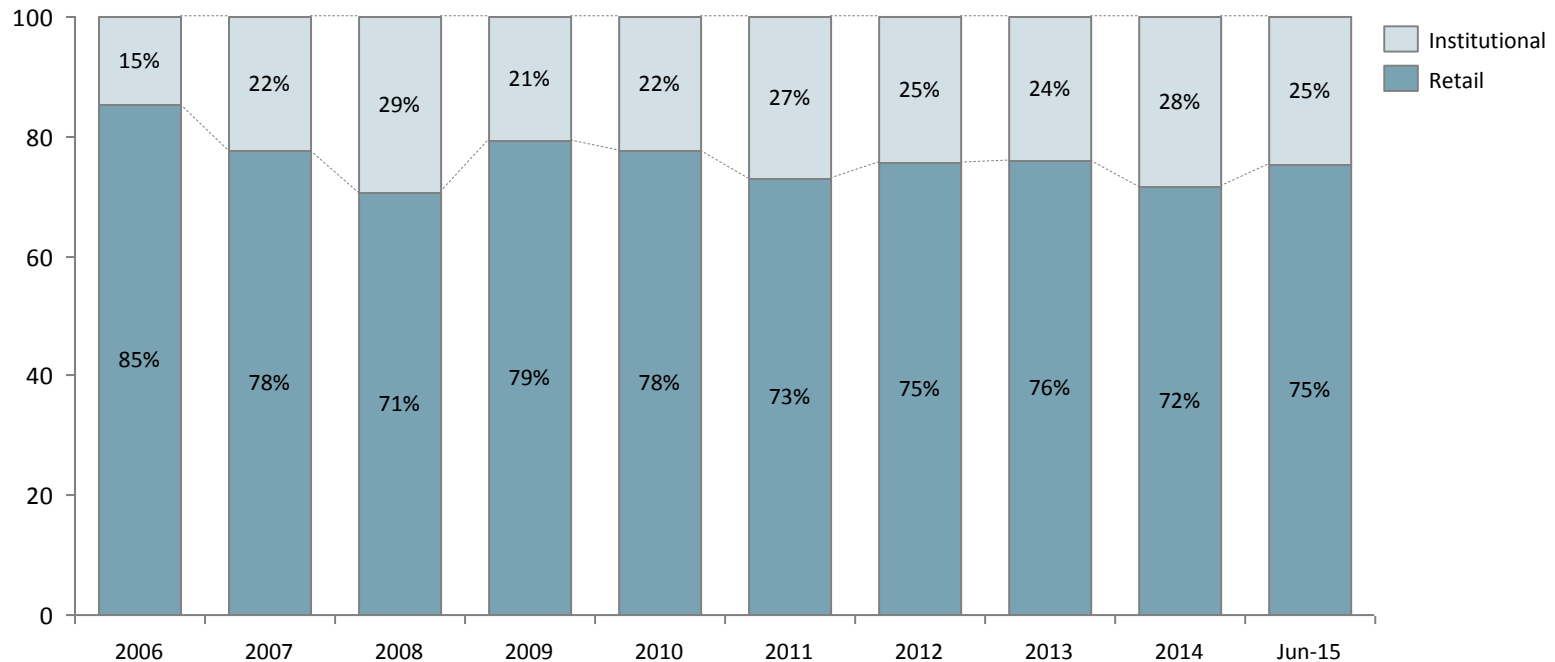


Index
performance
of global
exchanges
Q2, 2015

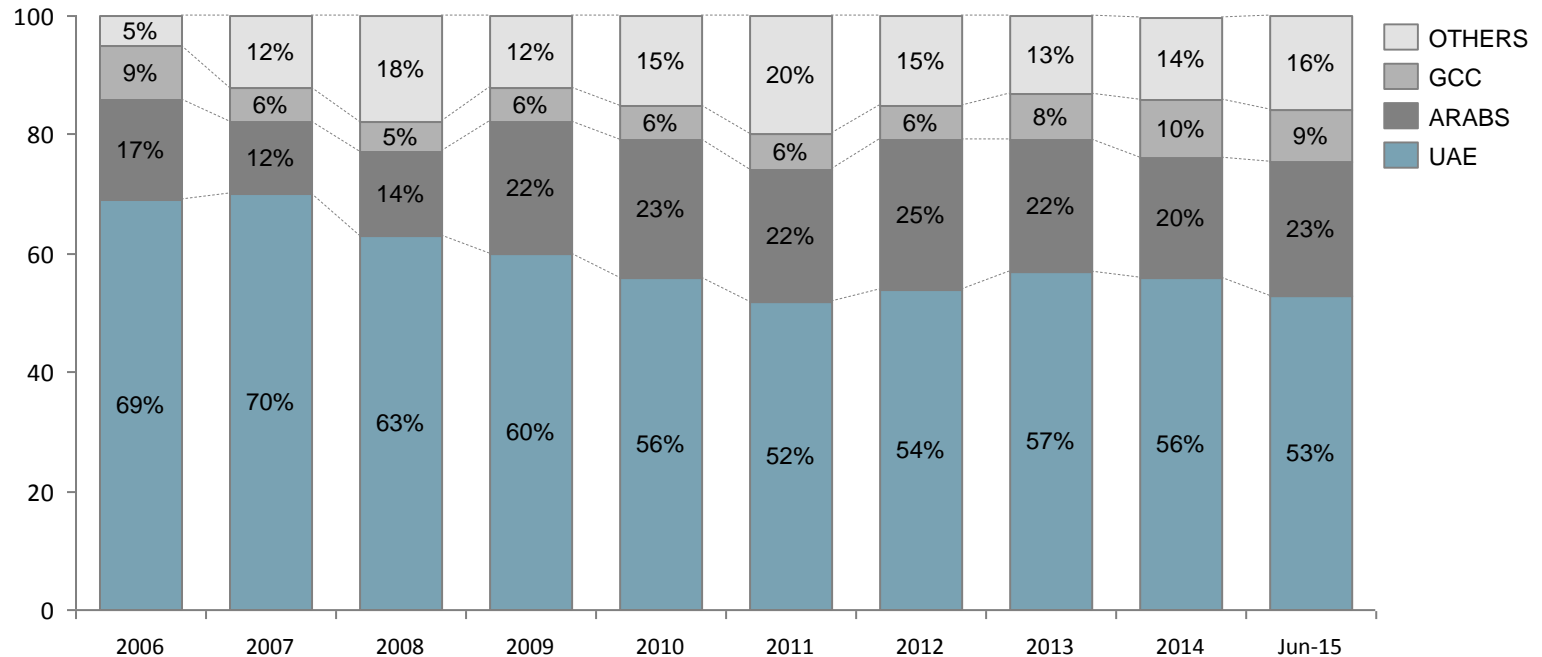
YTD Index Percentage Change



Year to Date Trading – By Client Type

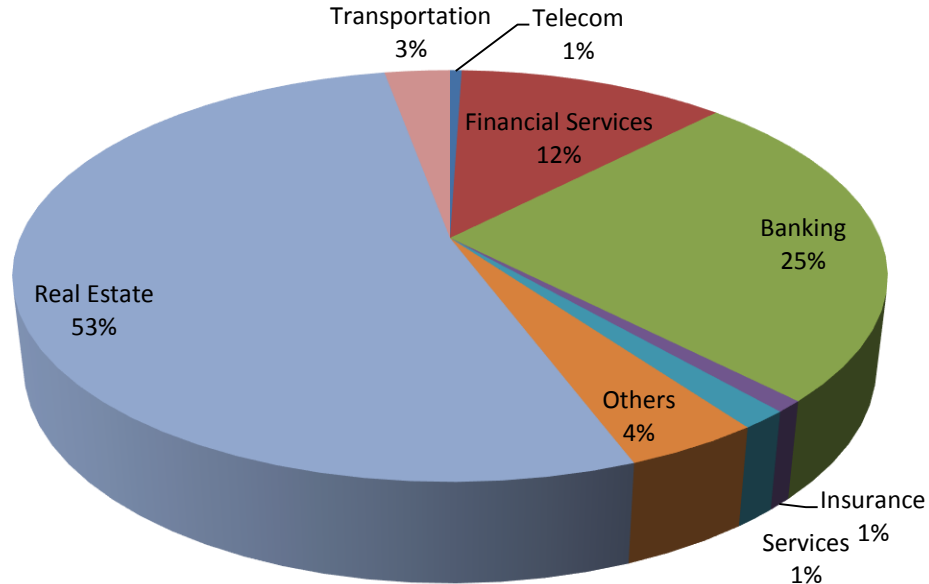


(UAE vs. Non-UAE)



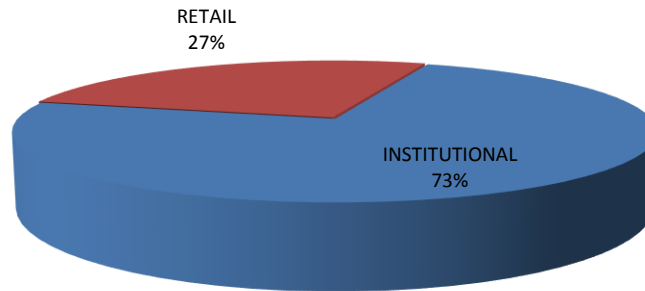
Trade
Activity –
By Sector
Q2, 2015

Sector wise Trading Q2 2015

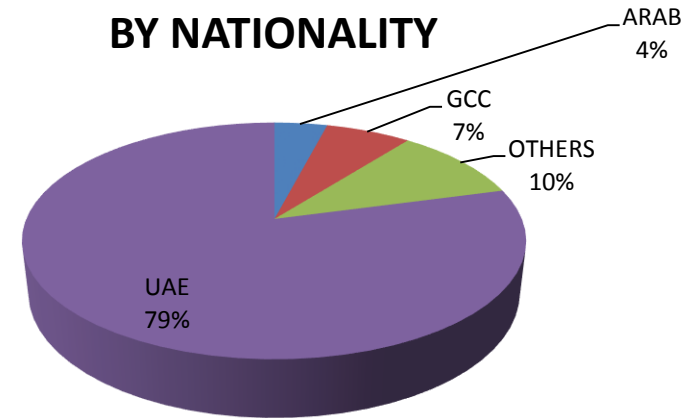


Distribution
of Share
Ownership
Q2, 2015

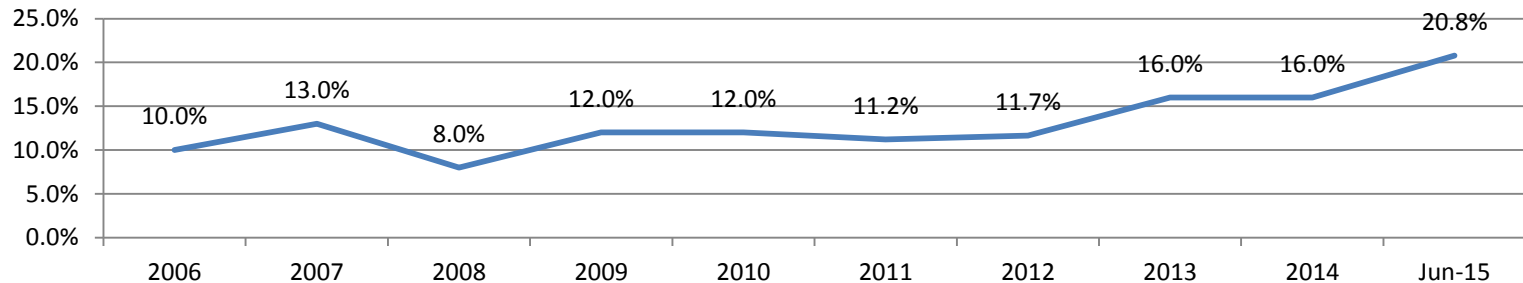
BY TYPE OF INVESTOR



BY NATIONALITY

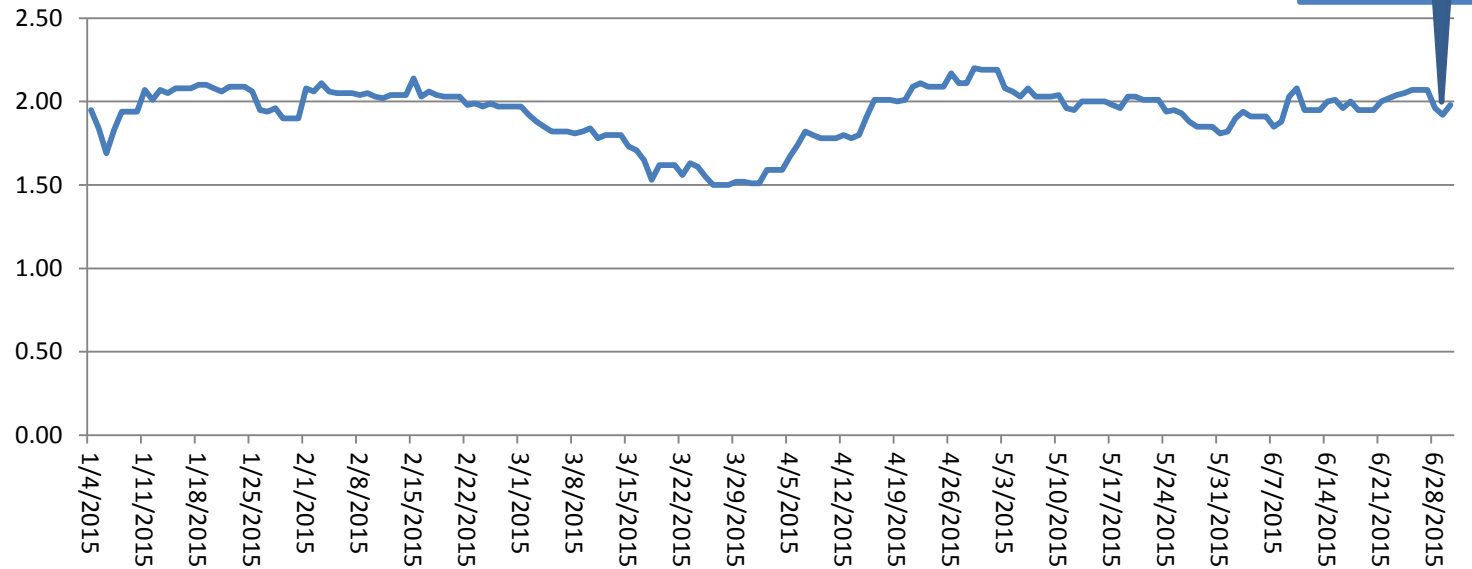


Foreign Ownership (% of Market Cap)



DFM Share Price Movement Q2, 2015

DFM Share Price (AED)



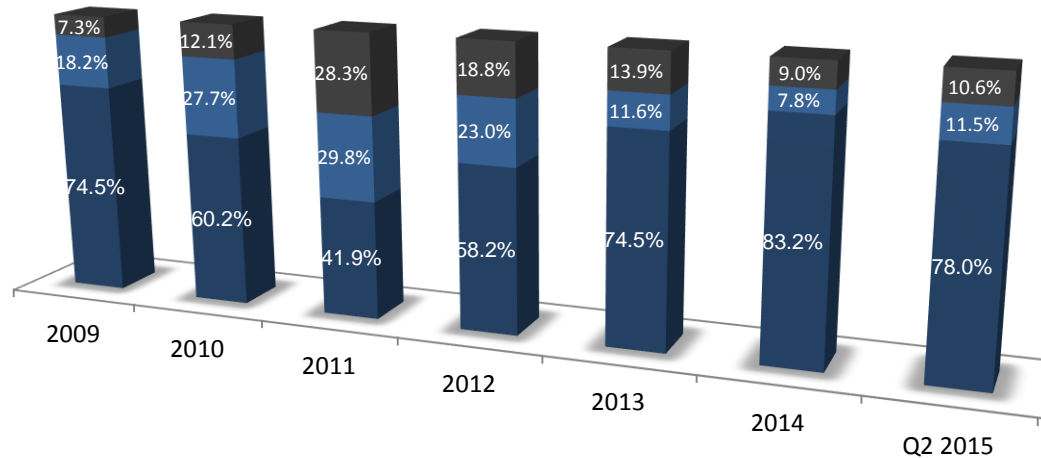
AED 1.98

Key Financial
2009- 2014

	2009	2010	2011	2012	2013	2014	Q2 , 2015
Trading Commission Fees	374.7	158.7	76.8	114.8	341.6	806.0	220.3
Net Investment Income	91.5	73.2	54.6	45.3	53.4	75.4	32.4
Other Fee Income	36.7	31.9	51.9	37.0	63.7	86.9	29.9
Total Revenue	502.9	263.8	183.3	197.1	458.7	968.3	282.6
Salaries	43.1	57.2	56.6	57.5	71.7	78.7	33.2
General & Administrative	18.7	28.6	29.6	24.6	28.0	30.9	13.1
Rent	5.8	9.0	9.2	7.6	7.6	7.9	3.9
Depreciation	11.3	17.2	16.7	10.8	7.0	6.5	2.8
Amortization	75.9	75.9	75.9	62.4	62.4	62.4	31.2
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	84.2
Interest Expense	-	-	-	-	(1.0)		(0.4)
Revaluation of Investments - Trading	-	1.0	(0.4)	-	-	(22)	-
Minority Interest	-	5.5	7.9	3.2	3.5	(0.5)	(0.3)
Net Income	346.6	79.0	(6.9)	35.2	284.6	759.3	198.4
EPS	0.04	0.01	-	-	0.04	0.09	-
EBIT Margin							70%
EBITDA Margin							82%

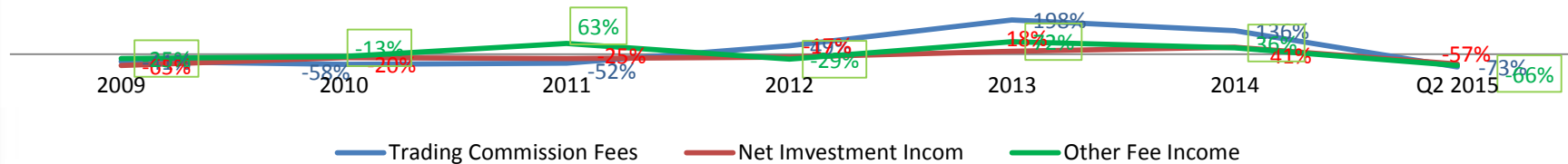
Revenue
Breakdown
2009- Q2
2015

Percentage Share of Revenue Mix

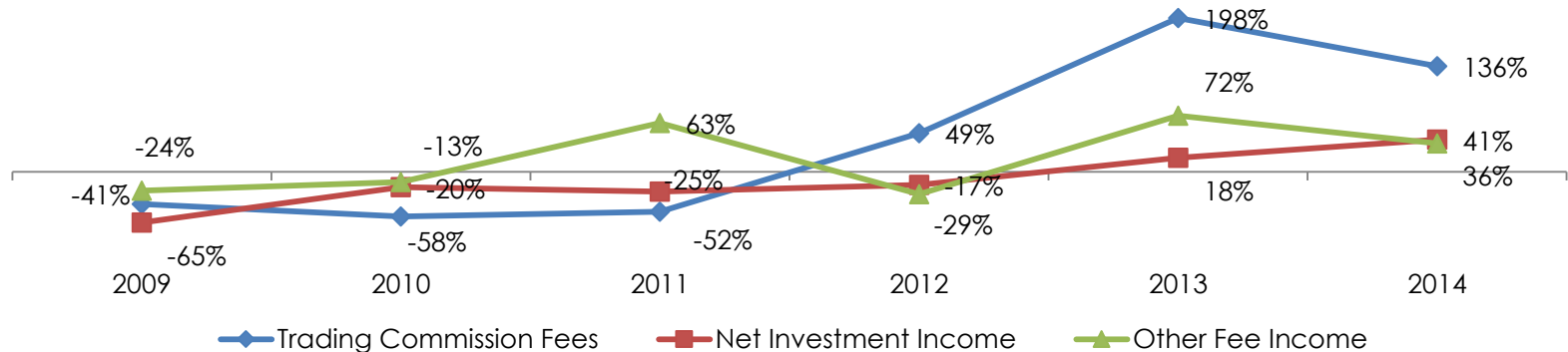
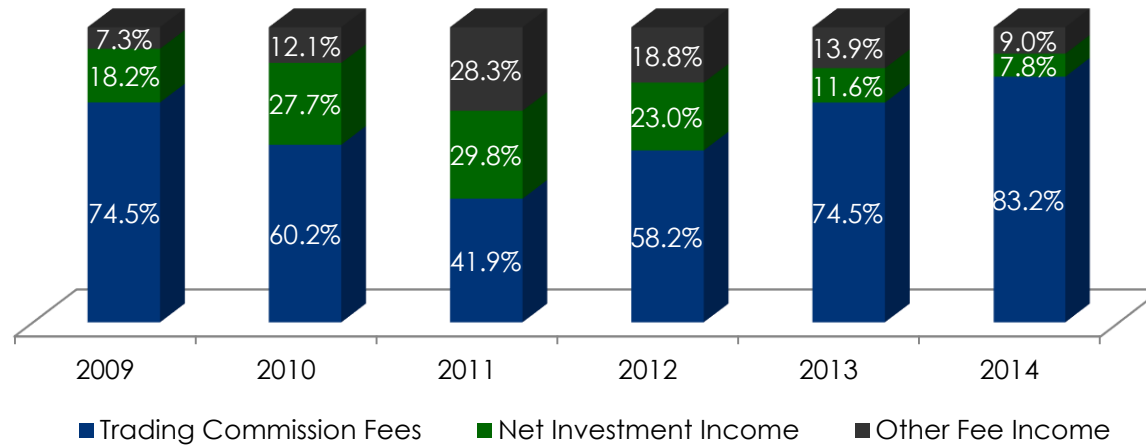


■ Trading Commission Fees ■ Net Investment Income ■ Other Fee Income

Growth Rates of Revenue Mix (%)



Revenue Breakdown 2009-2014



STRATEGIC VISION

SUPPLY

(Equity listings and
financial instruments)

DEMAND

(Market access,
members & investors)

STAKEHOLDER
VALUE

SERVICES

(Innovative customer-
centric services)

- IvESTOR Card
- Dividend distribution & smart AGM Services
- eIPO Online Subscription Platform
- **New** IPO Equity Listings

- eBroker Services
- **New** eService Portal
- eSAR Issuer Service
- Online Advertising
- EFSAH Online Disclosure
- eReports & Stock Portfolio

- Direct Market Access (DMA)
- DFM international Roadshows
- Expanded investor base with increased market activity and new IPOs
- DFM mobile application
- **New** enhanced DFM Website



CORPORATE STRATEGY

DFM – NASDAQ DUBAI

- 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 (4 New IPO in 2014 – Marka / Emaar Malls / Amanaat / Dubai Parks)



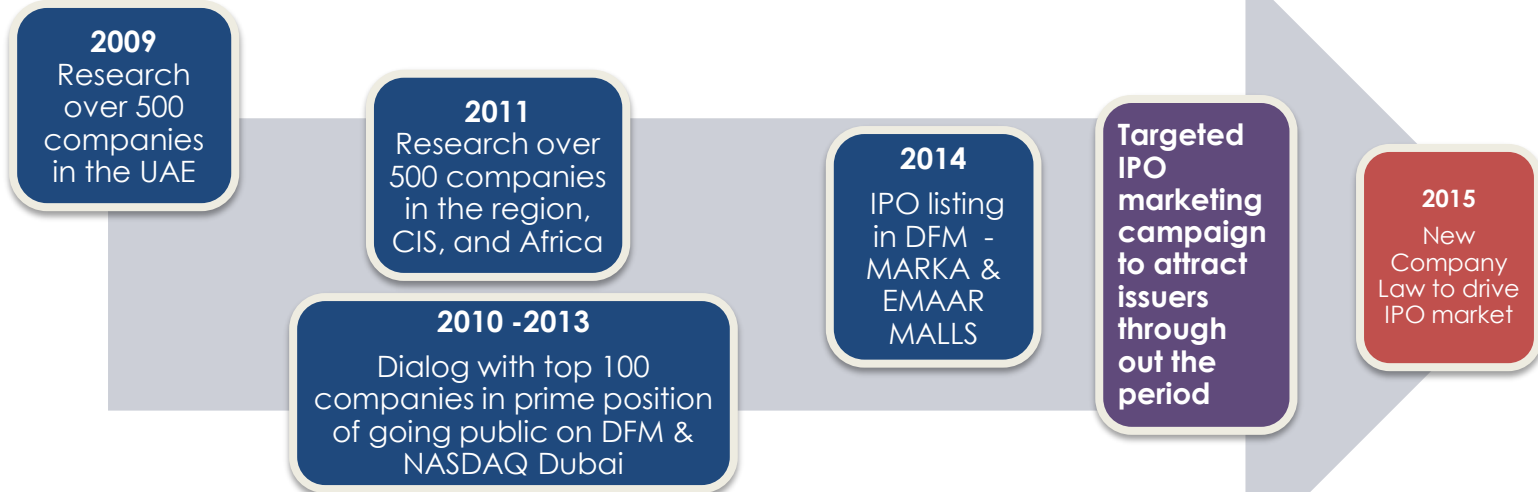
Key criteria's for Emerging Market status

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

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

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	<ul style="list-style-type: none"> - Access to Capital Seminar for JAFZA Dubai -Regional IPO Market Study for NASDAQ Dubai -MOU with Dubai SME
2010	IPO Market Study Results from one on one with 40 potential IPO candidates	2013	<ul style="list-style-type: none"> -2nd Access to Capital Seminar for SME -NASDAQ Dubai IPO Guide
2011	<ul style="list-style-type: none"> -IPO Retreat for private, semi-government and family owned businesses. -MOU with JAFZA 	2014	<ul style="list-style-type: none"> -Road show for IPO in India & Kuwait. -2nd IPO Retreat on November 19th, 2013 - 4 IPOs
		2015	<ul style="list-style-type: none"> - New Company law announced. - 3rd DFM IPO forum on November 9 - Re- Listing of Amlak



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