

Dubai Financial Market

Investor Presentation

F Y 2 0 1 7



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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 (FY 2017)	AED 394bn Market Capitalization	65 Companies Listed on the DFM*	92 Bonds and Sukuks Listed on the DFM/Nasdaq Dubai with a value of \$68 bn
Volumes (FY 2017)	AED 115bn Total Traded Value	AED 461m Average Daily Traded Value (ADTV)	29% Market Velocity ¹
Volume by Investor Type (FY 2017)	44% Foreign Investors' Trading Share	20% Foreign Ownership (% of Market Cap)	35% Institutional Investors' Trading Share
Consolidated Financials (FY 2017)	AED 430.9m Revenue	AED 302m EBITDA	AED 233.5m Net Profit

Source: DFM analytics

Note: Trading statistics for DFM excludes Nasdaq Dubai for the year 2017.

Foreign investors defined as non-UAE investors.

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

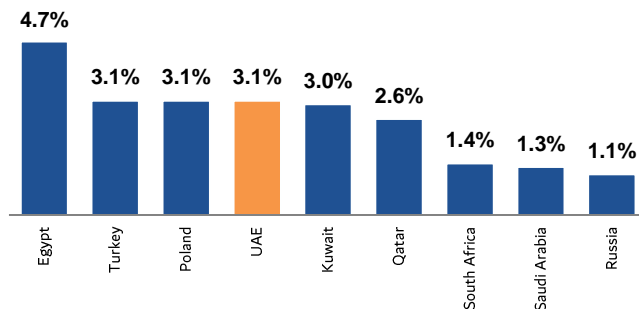
* Excluding one listed ETF by the end of 2017.

The UAE Benefits from Strong Demographic & Macroeconomic Fundamentals

1

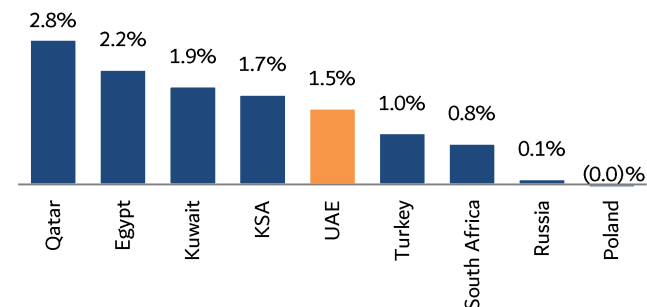
Continued GDP Growth...

2015E-2020E Real GDP Growth (%)


2

Growing Population...

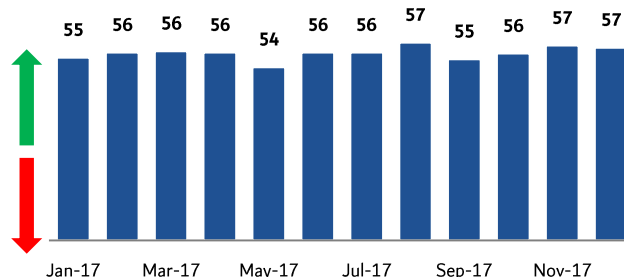
2015E-2020E Population Annual Growth (%)


3

Sustained Growth in Non-Oil Economy...

UAE Non-Oil Private Sector PMI

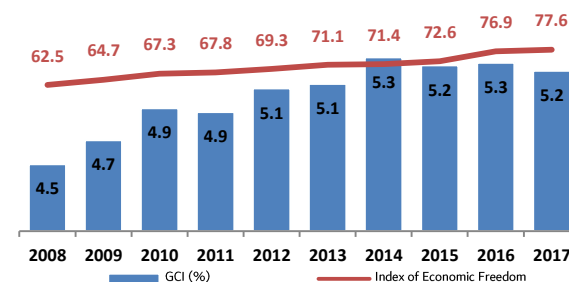
Increasing Rate of Growth


 Increasing Rate of Contraction
 50 – No Change vs. Previous Month

4

...Resulting in Stable Business Environment

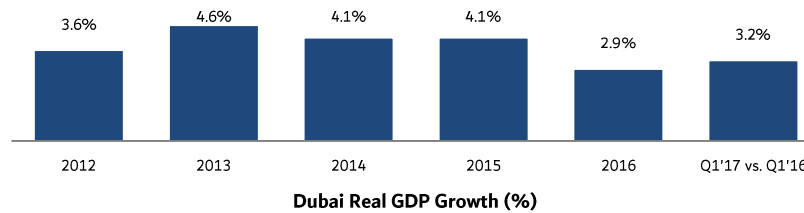
Globally, UAE ranks 17th on the Global Competitiveness Index (GCI) & 10th on the Index of Economic Freedom (1st in the MENA).



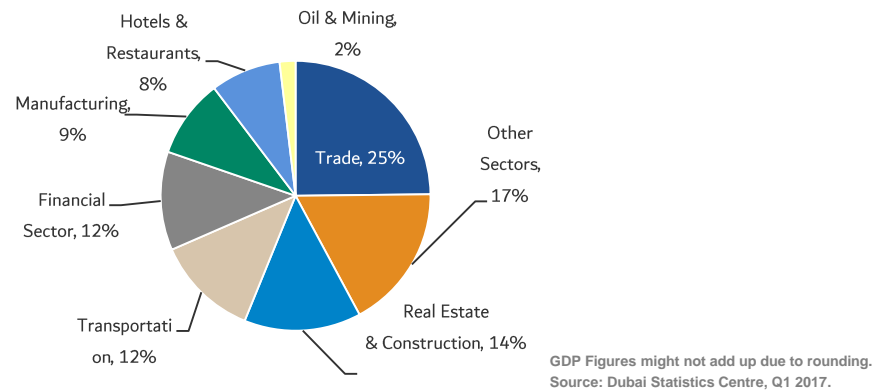
Source: The UAE National Bureau of Statistics, Euromonitor, Bloomberg, World Economic Forum, Emirates NBD, The Heritage Foundation, IMF.

Dubai Growth is Driven by a Well- Diversified Economy

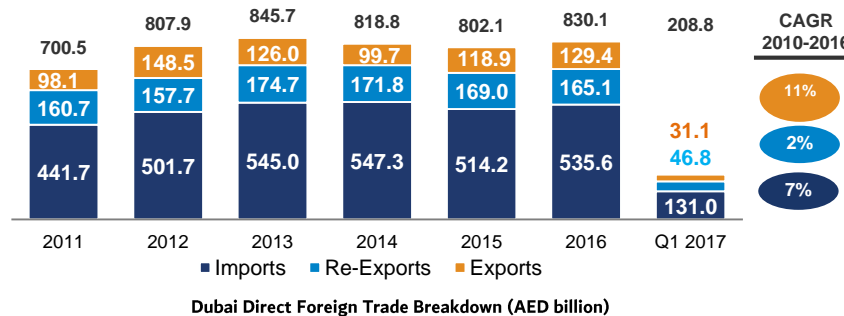
Continuous Dubai GDP* Growth ...



...Driven by a Diversified Economy...



...Supported by Strong Trade Activity



Commentary

Main highlights of Dubai economy:

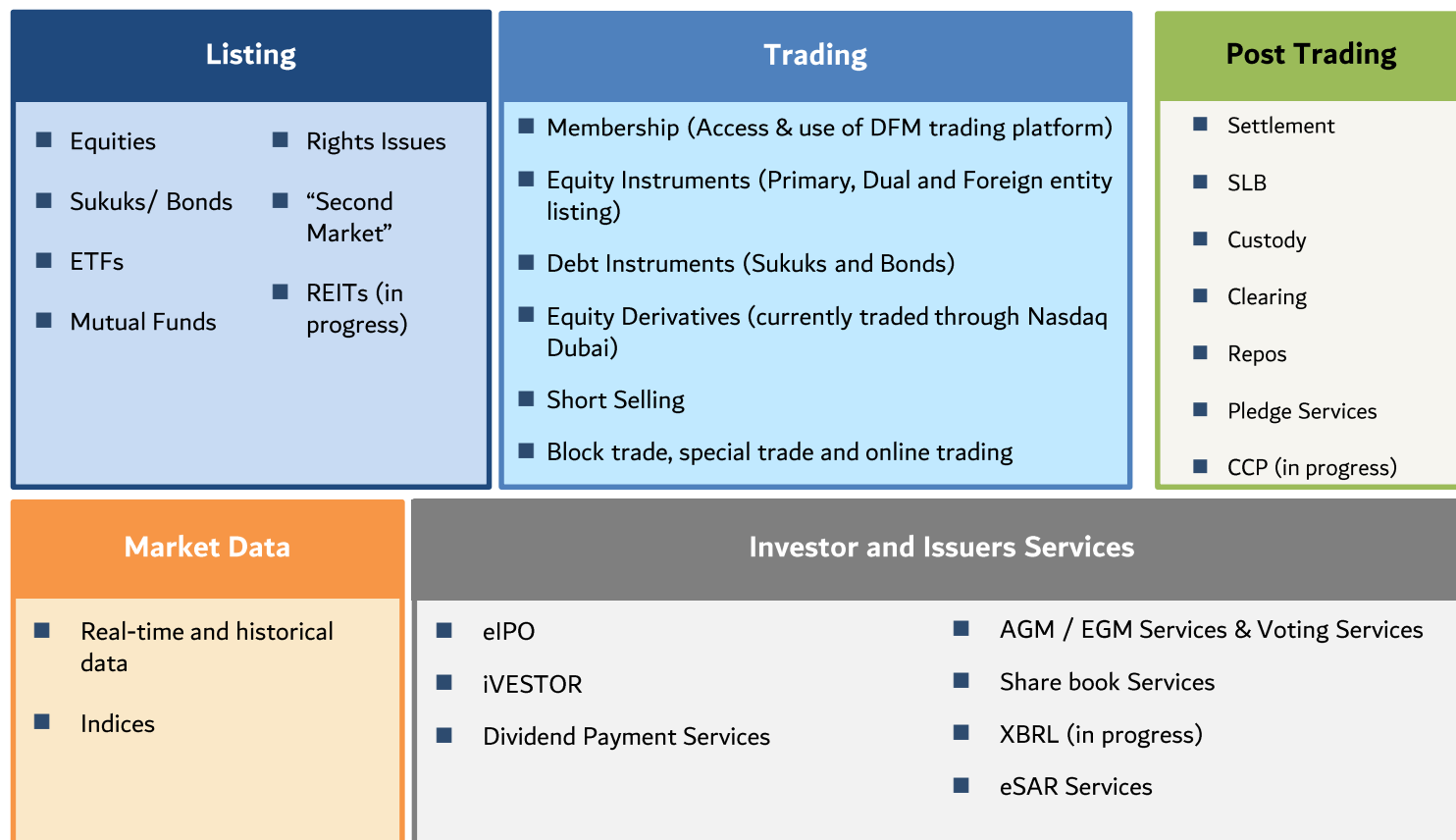
- Fiscal discipline with an increase in investment spending
 - The Emirate of Dubai has increased its budgeted expenses by 19.5% for 2018 to AED 56.6bn
- The UAE's fiscal and external deficits are small relative to the rest of the GCC and continued investment in infrastructure is expected to underpin 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 AED25.5bn of foreign direct investment in 2016 (ranking 7th in the world among the top 10 cities), 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 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 AED194.5 bn – end of 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.

DFM's Diversified Product Offering

Multiple product and service offerings leading to diversified revenue streams

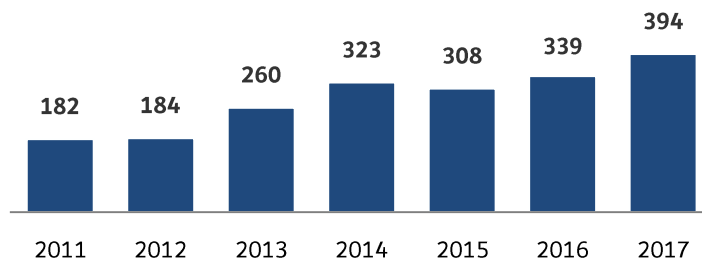


Note: DFM launched its first ETF in June 2016

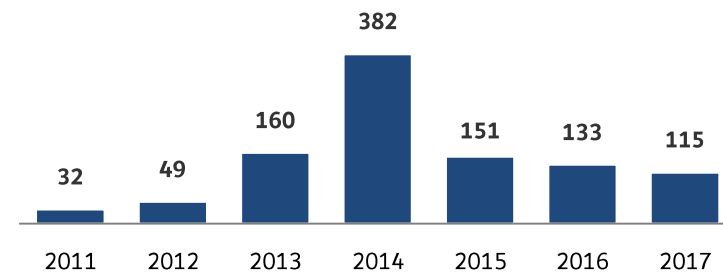
Nasdaq Dubai launched Derivatives trading in September 2016

Operational Highlights

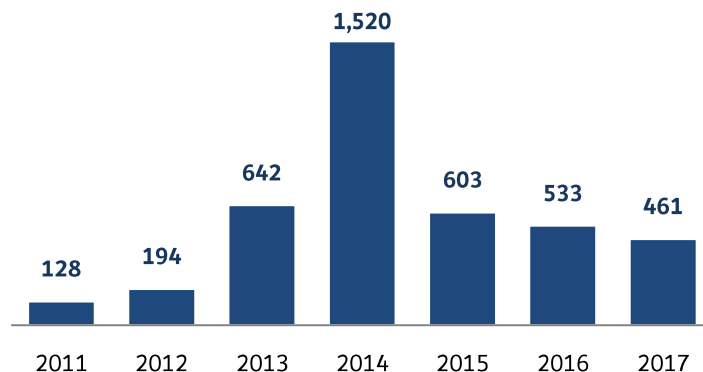
Market Capitalization (AEDbn)



Total Traded Value (AEDbn)

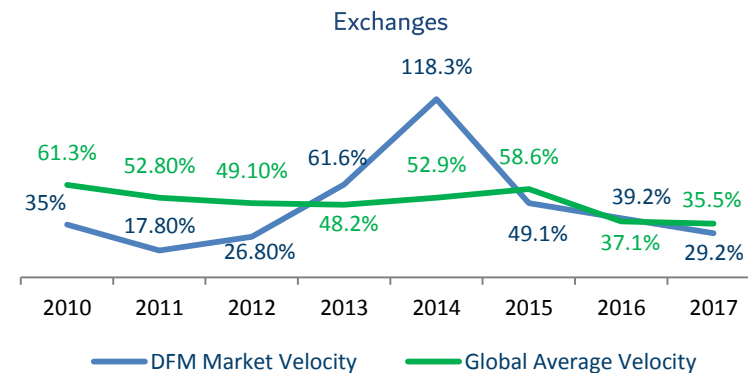


ADTV (AEDm)



Market Velocity¹ (%)

DFM Market Velocity and Average Velocity for Global Exchanges



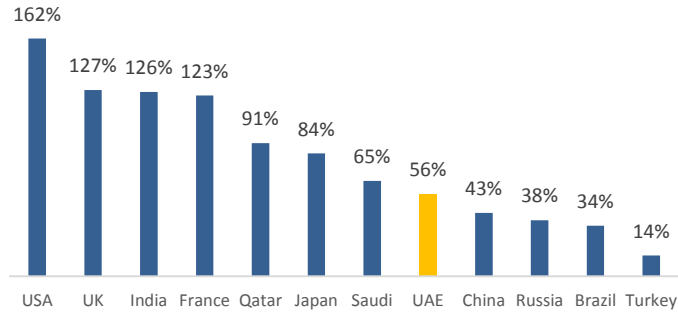
Note: Figures exclude Nasdaq Dubai

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

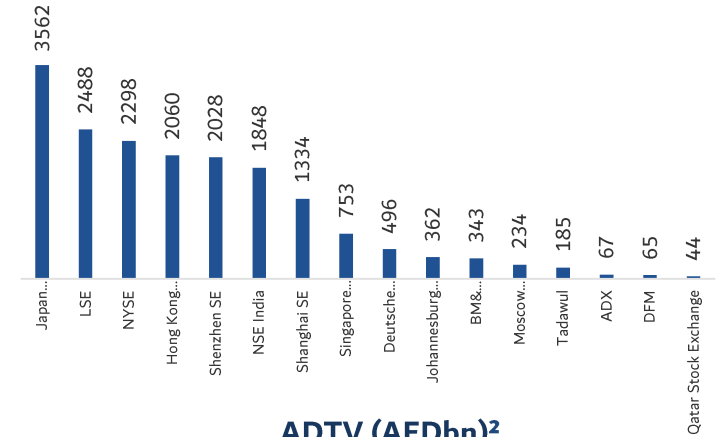
Source for Global velocity figures is World Federation of Exchanges.

DFM Presents Significant Growth Opportunities

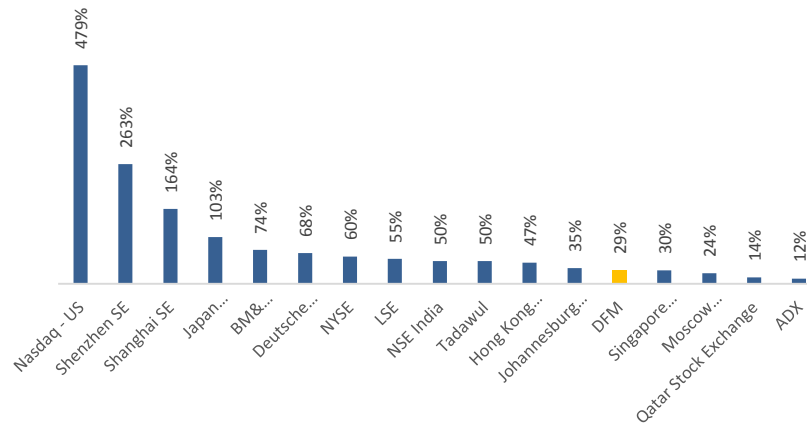
Equity Market Capitalisation to GDP¹



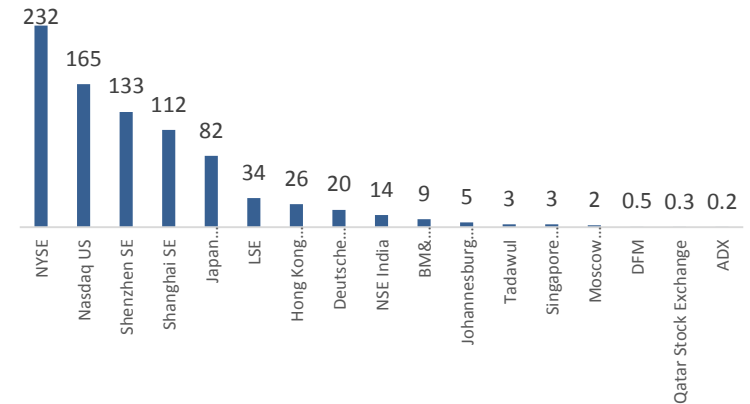
Number of Listed Companies²



Equity Market Velocity³



ADTV (AEDbn)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 August 2017, except for DFM data is updated till December 2017.

³ Velocity is updated till August 2017 (except for DFM data is updated till December 2017) and calculated as annualized trade value/end of period market capitalization. Source: World Federation of Exchanges.

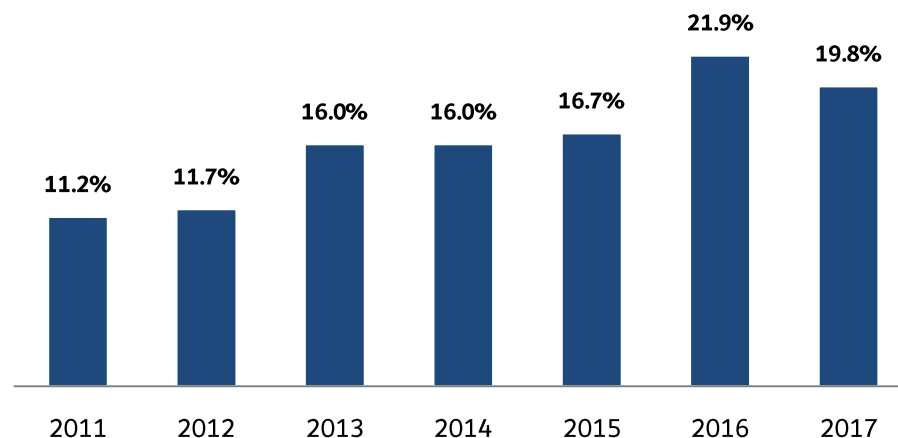
Continued Foreign Investor Interest

- 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 interest continued in 2017 as they were net buyers of AED 1.3 billion (excluding Arab and GCC nationals) by end of 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

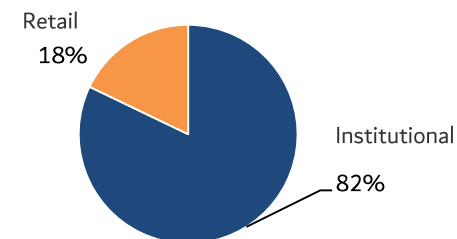
Note: Foreign investors defined as non-UAE investors. Figures excluding Nasdaq Dubai.

Increasing Institutional Investor Base

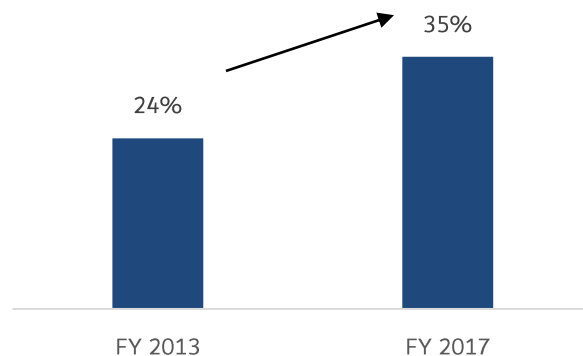
Commentary

- 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 82% of the stocks listed on the DFM by the end of 2017.

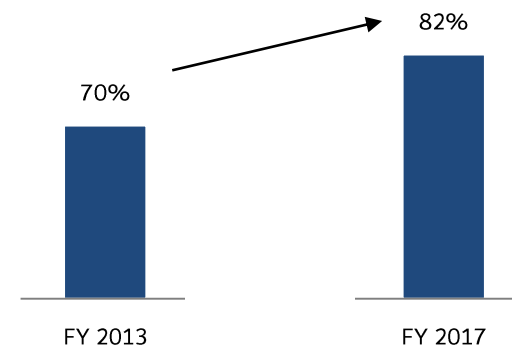
Share Ownership Split



Institutional Trading Share (%)



Institutional Ownership (% of Market Cap)

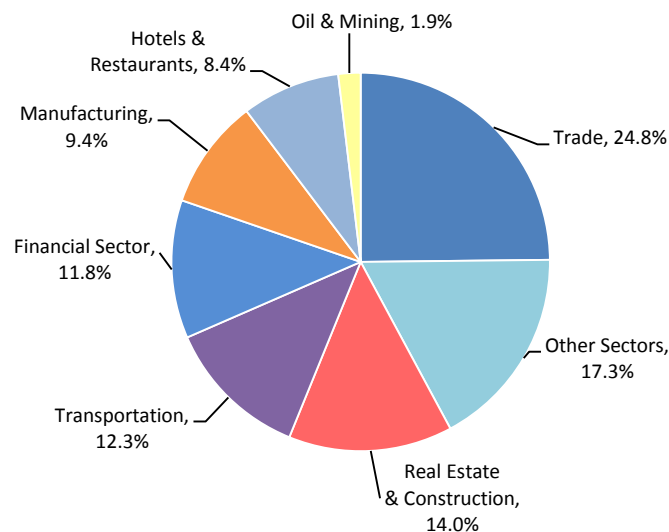


Source: DFM Analytics.
 Note: Figures excluding Nasdaq Dubai.

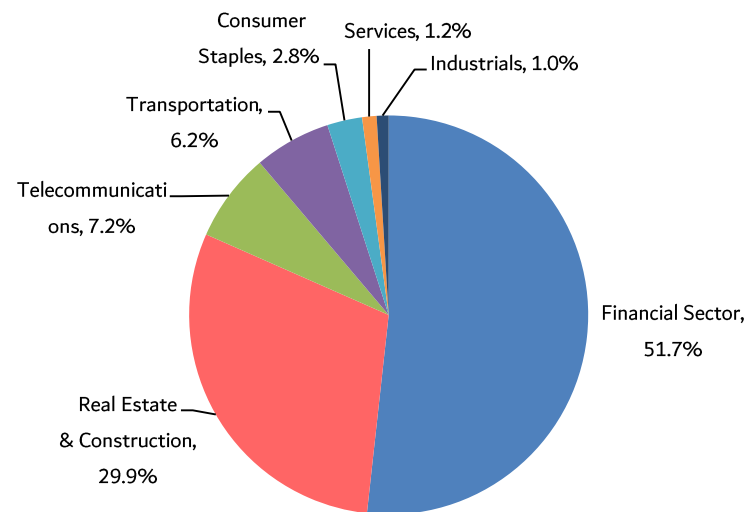
Sector Breakdown of Dubai's GDP and DFM's Issuer Base

- 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.

Dubai Real GDP Breakdown - Q1 2017



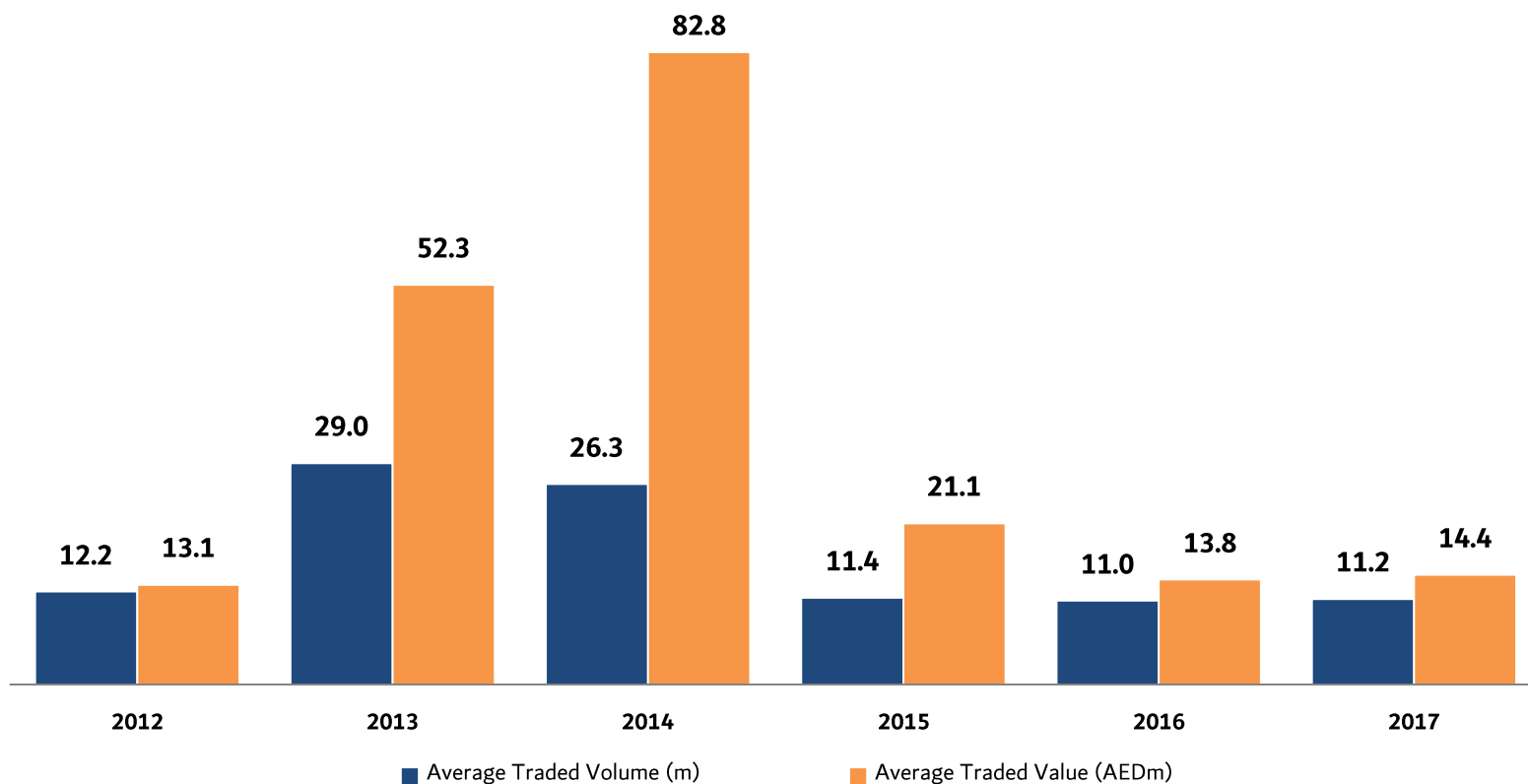
DFM Sector Market Cap Breakdown- Q1 2017



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

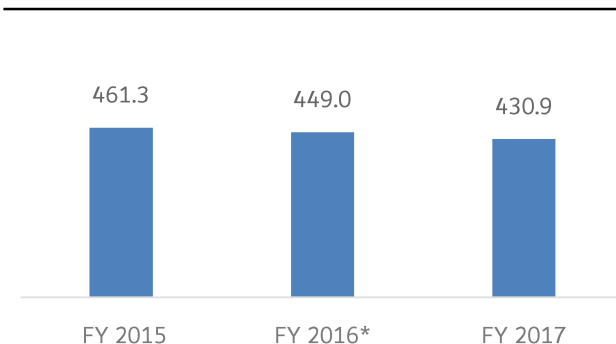


Source: DFM Analytics

Financial Highlights

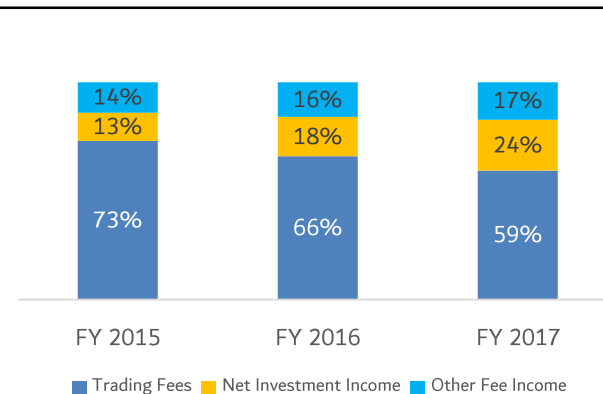
- DFM continues to provide advanced and innovative products/services as part of its strategy to diversify revenue streams and increase non-trading commission income.

Total Revenue (AEDm)

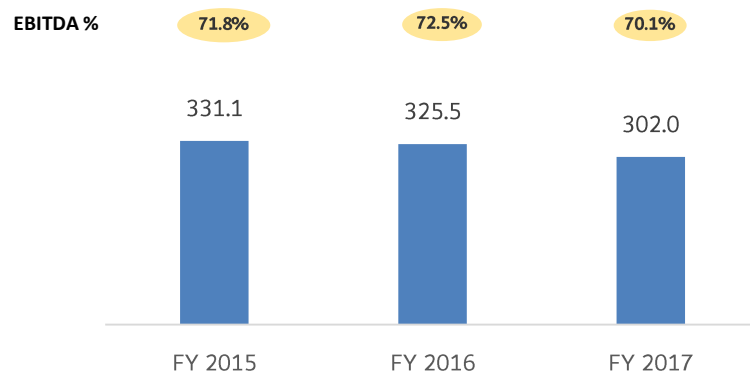


* 2016 revenue is adjusted to exclude a one-off additional income due to gifted land in the amount of AED 231.3m against the provision for impairment of an investment deposit in the amount of AED 226m.

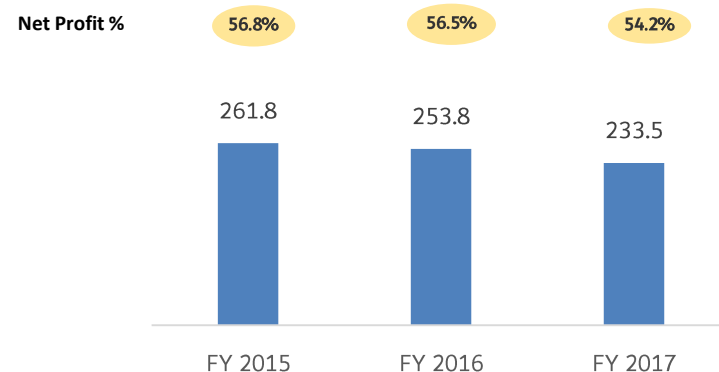
Total Revenue Mix (%)



EBITDA (AEDm) and EBITDA Margin (%)



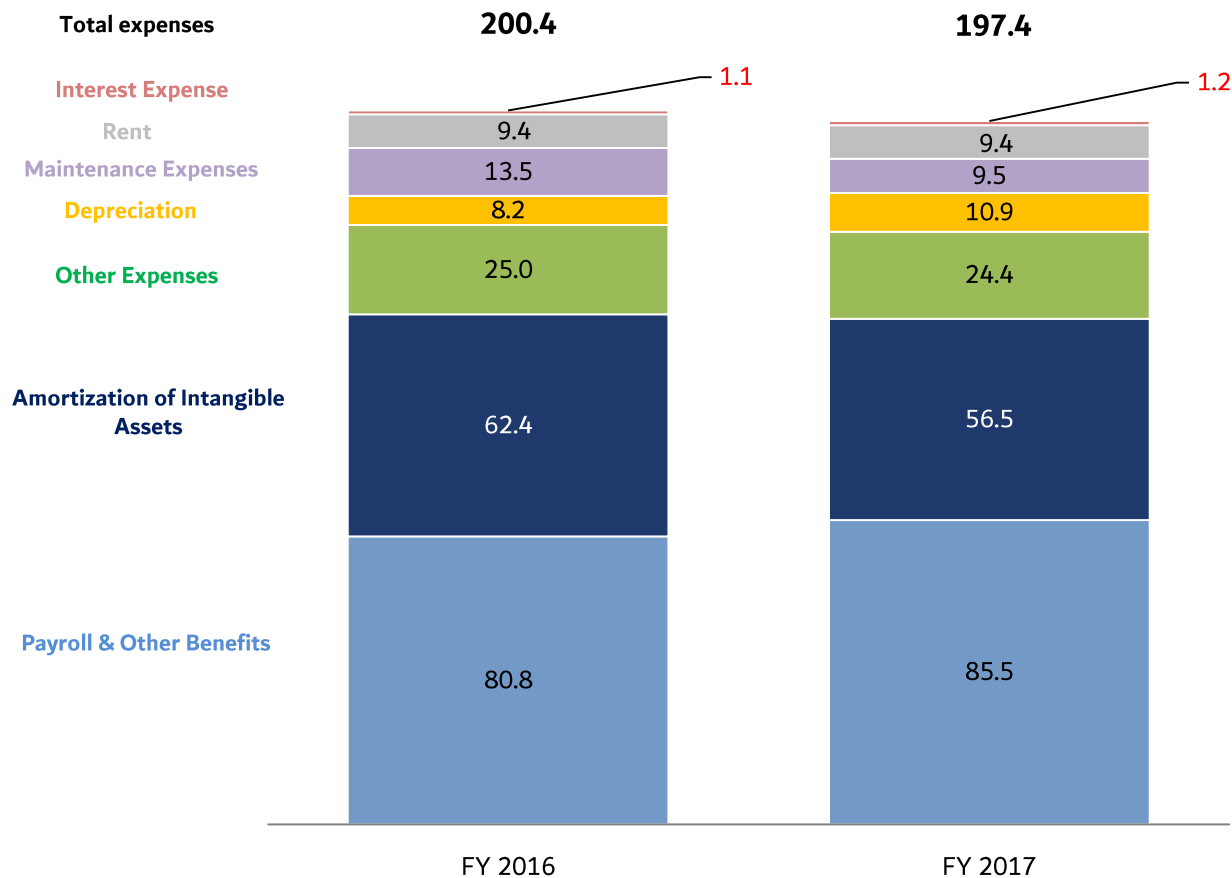
Net Profit (AEDm) and Net Profit Margin (%)



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

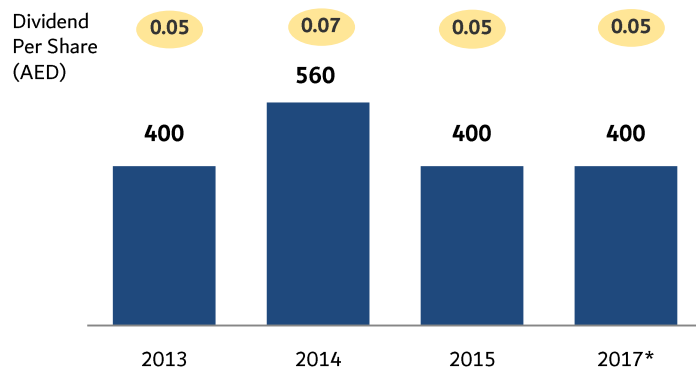
Breakdown in AEDm



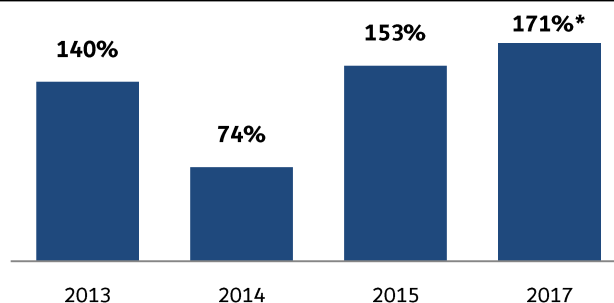
Note: Consolidated expenses; some figures & percentages in the slide might not totally add up due to rounding.

Dividend Payout History

Dividends (AEDm)



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.

* 2017 dividends are proposed by the Board of Directors.

Selected Balance Sheet Items

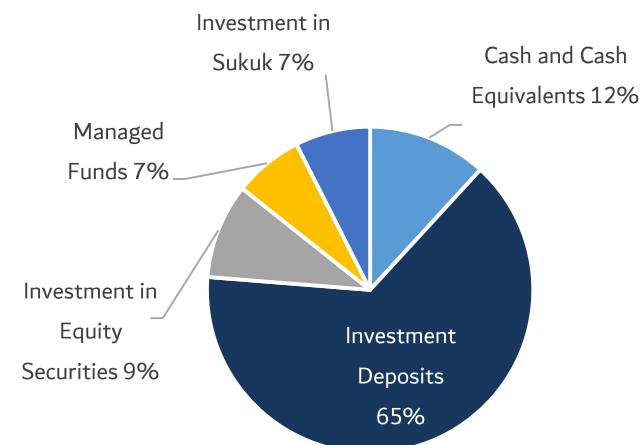
(AEDm)	FY 2016	FY 2017
Investment Deposits	2,200	2,582
Financial Assets Measured at Fair Value & Amortised Costs	837	951
Goodwill	2,879	2,879
Other Intangible Assets	2,259	2,203
Property and Equipment	263	275
Total Assets	8,851	9,427
Total Equity	7,920	8,161

Strong Balance Sheet with Significant Financial Assets

Main Financial Assets

(AEDm)	FY 2017
Cash and Cash Equivalents	474
Investment Deposits	2,582
Less than 3 Months	487
Up to 1 Year but More than 3 Months	1,803
More than 1 Year	292
Other Financial Assets Measured at Fair Value – (FVTOCI) and Amortized Cost Sukuks	951
Investment in Equity Securities	377
Managed Funds	276
Investment in Sukuk	298
Total	4,007

Main Financial Assets Breakdown FY 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

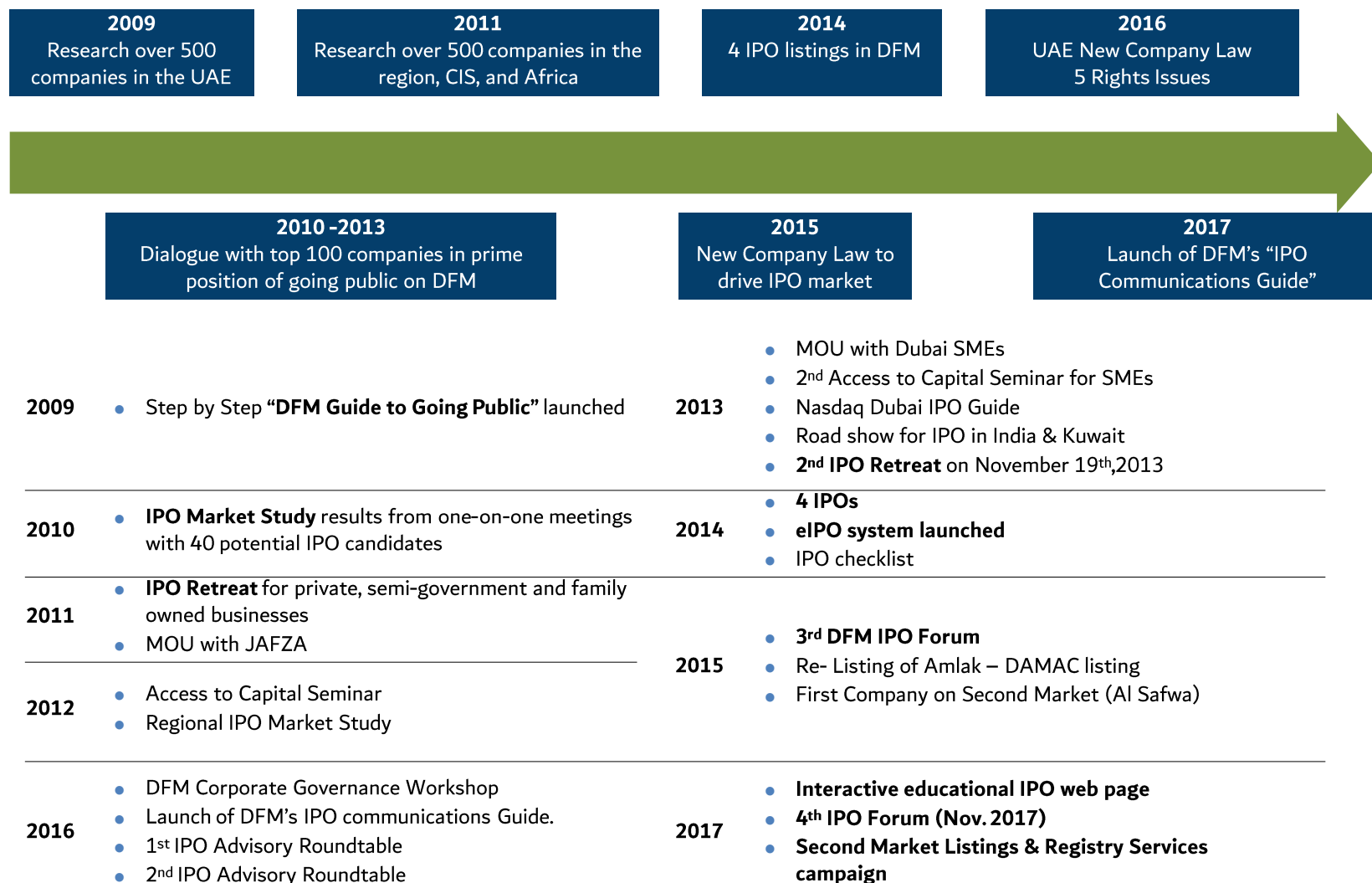
Nationally in Dubai & UAE

- 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

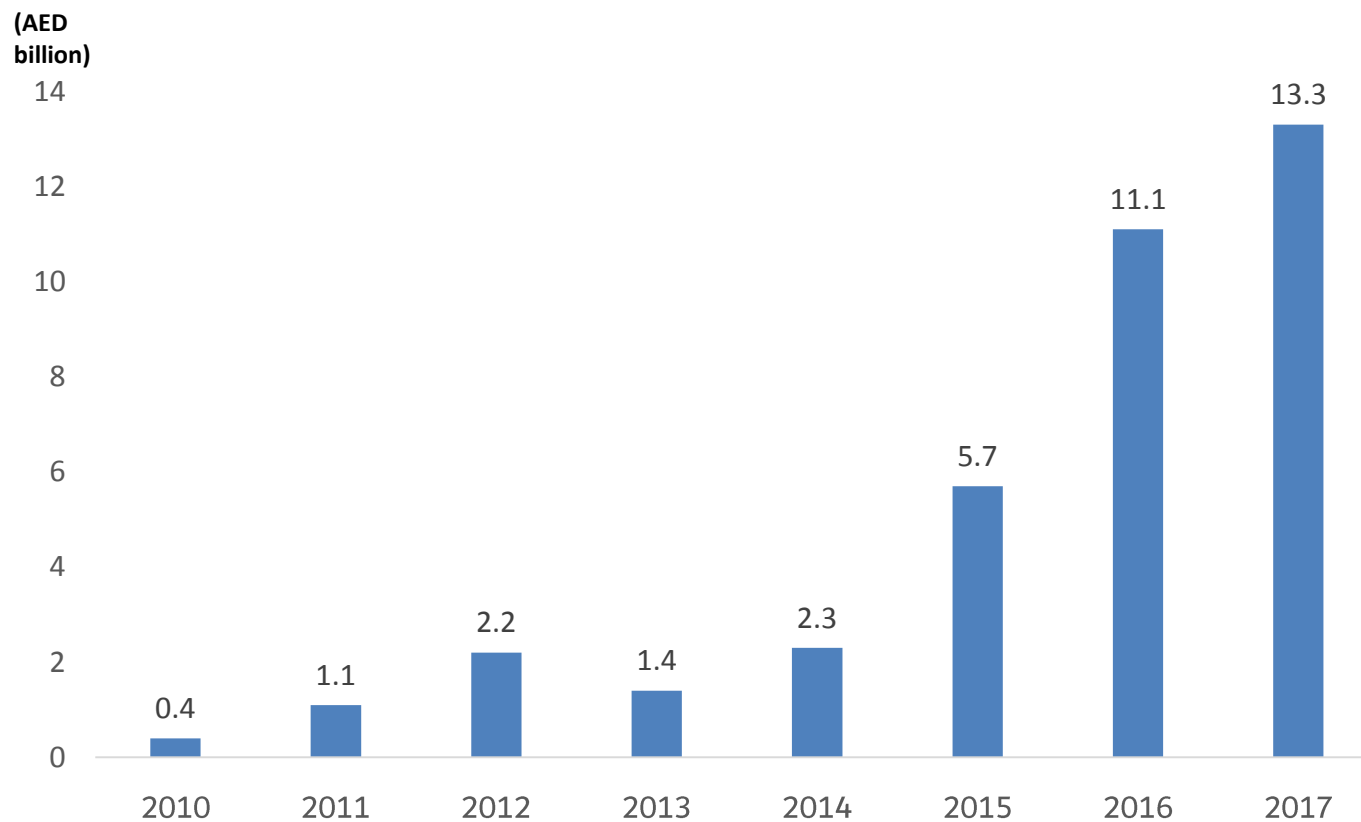
- Attract regional investments & position DFM as ideal platform for sourcing capital
- Position DFM as the gateway to the Arab world and Iran for exchange trading

Strategic Milestones Building Strong IPO Pipeline



Issuers Dividends


**Strong
Track Record
of Issuers
Dividend
Management**






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			IPO	listing	Dual listing
AED 1.5bn	AED 50m	AED 500m	AED 4.8bn	AED 150m	AED 1.1bn
					

Note: IPO transaction figures represent the floated amounts.

APPENDICES

DFM Consolidated P&L

(AEDm)	FY 2016	FY 2017
Trading Commission Fees	294.6	255.3
Brokerage Fees	20.6	21.0
Clearing, Settlement and Depositary Fees	39.7	36.9
Listing and Market Data Fees	9.1	9.8
Other Fees	5.4	6.0
Operating Income	369.4	329.0
Investment Income	79.5	101.4
Other Income*	5.3	0.5
Total Income	454.2	430.9
Payroll and Other Benefits	(80.5)	(85.5)
Other General & Administrative Expenses	(38.9)	(33.9)
Rent	(9.4)	(9.4)
Depreciation	(8.1)	(10.9)
Amortization of Intangible Assets	(62.4)	(56.5)
Interest Expense	(1.1)	(1.2)
Total Expenses	(200.4)	(197.4)
Net Profit for the Year	253.8	233.5
Attributable to:		
Owners of the Company	253.5	232.9
Non-controlling Interest	0.3	0.6
EPS (AED)	0.032	0.029

*Other income in 2016 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"> 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	<ul style="list-style-type: none"> 49% maximum foreign ownership 	<ul style="list-style-type: none"> 49% maximum foreign ownership but some exception 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
- 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

Investor Relations Contacts:

Haneen Nashashibi

Head of Investor Relations

Tel: +971 4 305 5650

IR@dfm.ae

Areej Al Saeed

Manager Chairman's Office

Tel: +971 4 305 5607

aalsaeed@dfm.ae



<https://www.myirapp.com/dfm/>



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Contact Us:

INVESTOR RELATIONS

T: +971 4 305 5650

F: +971 4 305 5191

Email: ir@dfm.ae

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