

Dubai Financial Market

Investor Presentation

Q 1 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
- Provides investors and market participants with the best in class international platform that provides investors with innovative products and services in conducting trading, clearing and settlement in an efficient, transparent and liquid environment
- First regional exchange to be publicly listed in 2007
- Currently 80% owned by Borse Dubai and remaining is public float

Listings (31-Mar-2017)	AED 394bn Market Capitalization	61 Companies Listed on the DFM	67 Bonds/Sukuks Listed on the DFM / Nasdaq Dubai with a value of bn 54\$
Volumes (Q1 2017)	AED 753.5m Average Daily Traded Value	AED 48bn Value of Share Trading	49% Market Velocity
Volume by Investor Type (Q1 2017)	42.4% Foreign Investors' Trading Share	19.1% Foreign Ownership (% of Market Cap)	27.8% Institutional Investors' Trading Share
Consolidated Financials (Q1 2017)	AED 439.3m Revenue	AED 325.1m EBITDA	AED 253.5m Net Income

Source: Bloomberg, Zawya

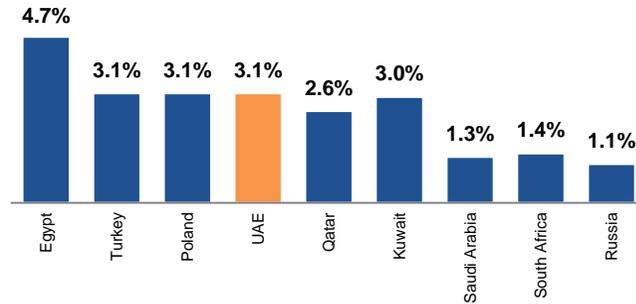
Note: Foreign investors defined as non-UAE investors. Financial information and trading statistics for DFM (excluding Nasdaq Dubai) for the year 2016

The UAE Benefits from Strong Demographic & Macroeconomic Fundamentals

1

High GDP Growth...

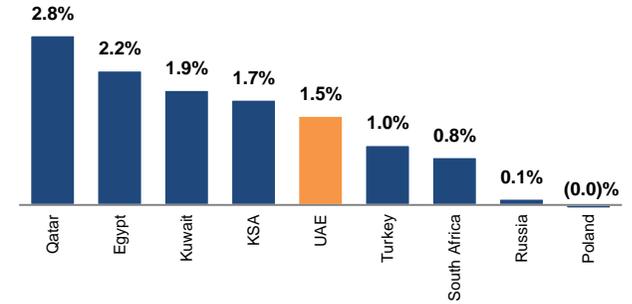
2015E-2020E Real GDP Growth (%)



2

Growing Population...

2015E-2020E Population Growth (%)²



3

Sustained Growth in Non-Oil Economy...

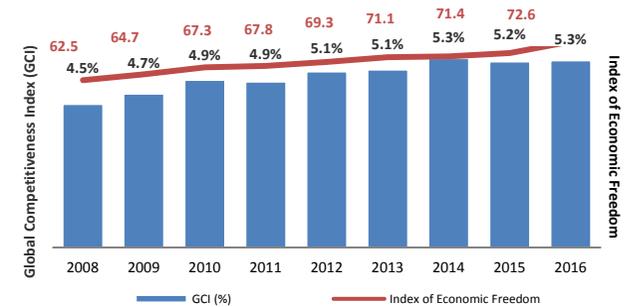
UAE Non-Oil Private Sector PMI



4

...Resulting in Stable Business Environment

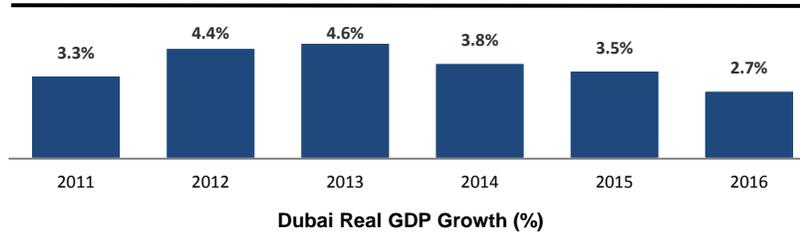
UAE Competitiveness Index & Index of Economic Freedom



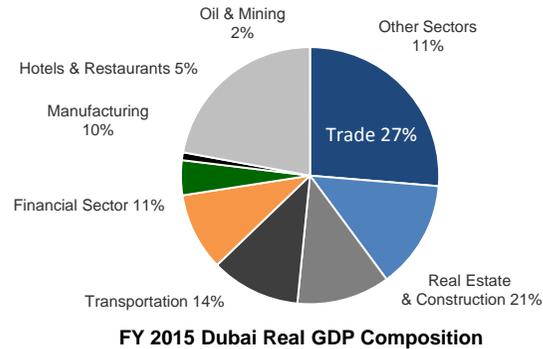
Source: The UAE National Bureau of Statistics, Euromonitor, Bloomberg, World Economic Forum, Emirates NBD, The Heritage Foundation, IMF
¹ At current prices.
² Annual growth over 2015-2020.
³ Includes quarrying, electricity, gas and water, restaurants and hotels, social and personal services.

Dubai Growth
Driven by a
Well-Diversified
Economy

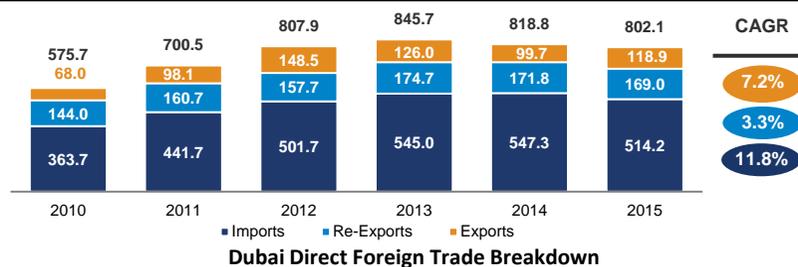
Strong Dubai GDP...



...Driven by a Diversified Economy...



...Supported by Strong Trade Activity



Commentary

- Well diversified economy based on international trade, banking and finance, tourism, information technology and infrastructure
- Strong growth in the non-hydrocarbon sector
- Regional wealth and liquidity backed by oil and fiscal reserves
- 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
- Dubai's service driven economy benefitting from increasing global trade, rising tourism and stabilizing real estate
- Dubai serves as the main hub in the Arab world, with the UAE ranking 16th in the Global Competitiveness Index
- Dubai in the top 5 global destinations for travellers
- Dubai recorded AED29bn of foreign direct investment in 2015 (4th globally in terms of the number of new investment projects and 6th place in terms of attracting foreign money¹)
- AED25bn in total investment expected in infrastructure-related projects due to EXPO 2020
- Dubai is the 1st regionally and the 18th globally in the Global Financial Centres Index
- Dubai has moved the historical focus on Real estate and Trade to attract more knowledge intensive projects with a bigger 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 amount to AED198 bn

DFM Diversified Product Offering

Diversified product offering including trading of equity and debt instruments, and financial services to investors and market participants

Listing

- Equities
- REITs
- Sukuks / Bonds
- Right Issues
- ETFs
- "Second Market"
- Mutual Funds

Trading

- Membership (Access and use of DFM trading platform)
- Equity Instruments (Primary, Dual and Foreign entity listing)
- Debt Instruments (Sukuks and Bonds)
- Equity Derivatives (Traded through Nasdaq Dubai only)

Post Trading

- Settlement
- Custody
- Clearing

Market Data

- Real-time data
- Delayed data
- Historical data
- Indices

Investor and Issuers Services

- Securities Lending and Borrowing
- iVESTOR
- Dividend Payment Services
- IPO / rights issue service through electronic subscription platform
- AGM / EGM Services
- Voting Services

Note: DFM has recently launched its first ETF : June 2016
Nasdaq Dubai has launched derivative trading- September 2016

Post Trade
Infrastructure to
increase
liquidity and
revenue

**ALLOCATION
ACCOUNT**



Will enable execution of
bulk trades

Benefits fund managers
who seek a single price for
their managed funds

**REGULATED
SHORT SELLING**



Investors will be able to go
short in a downward
market

Investors can execute
RSS with a locate
confirmation

**CCP
(CENTRAL
COUNTERPARTY)**

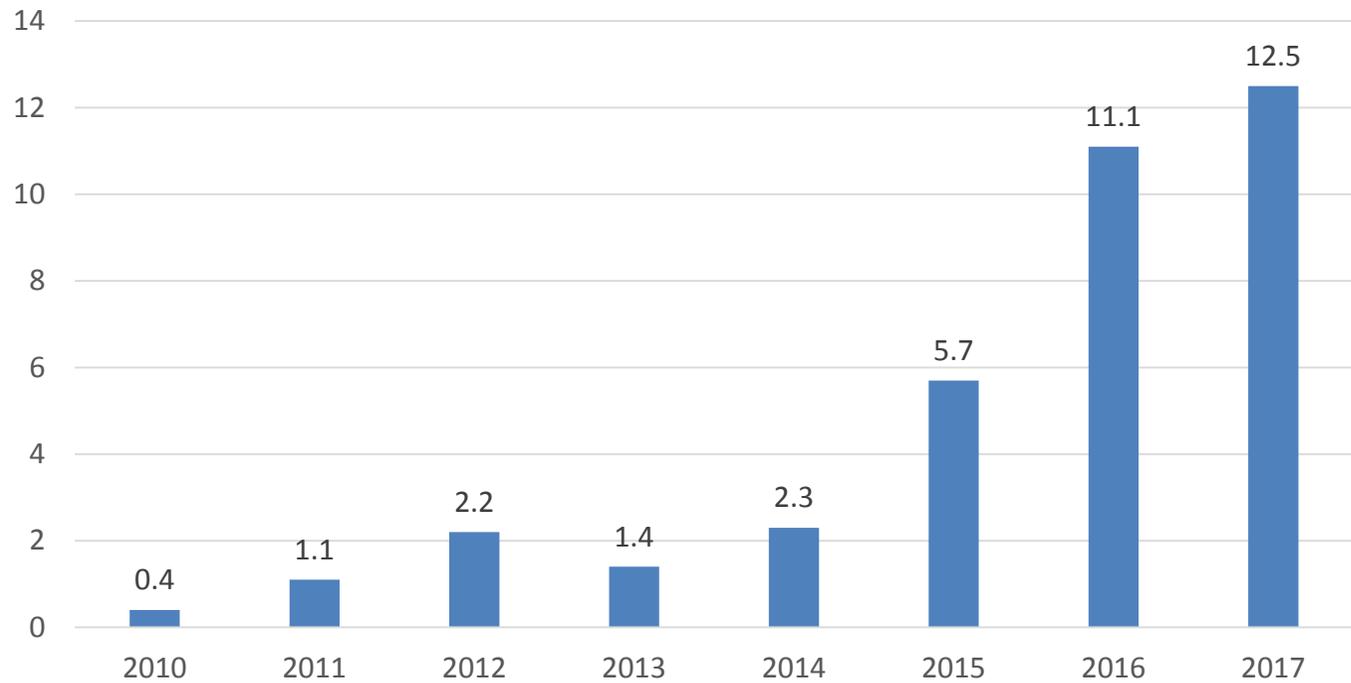


More efficient use for
clearing members

Better ring fence into
separate legal entities

CCP may become a
regional CCP to clear and
settle trades

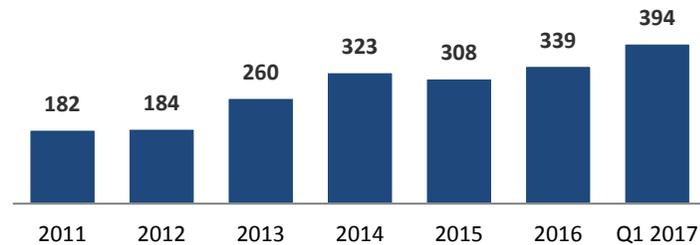
Strong
Track Record
Of Dividend
Management



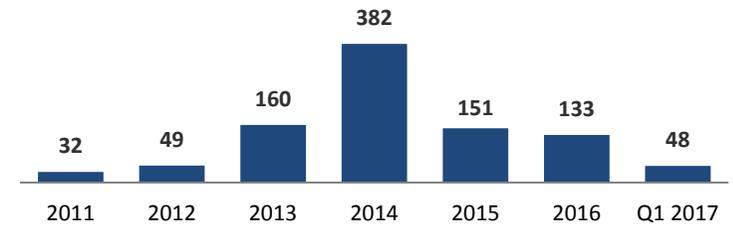
DFM managed 100% of issuers dividends which were mostly paid through electronic channels

Operational Highlights

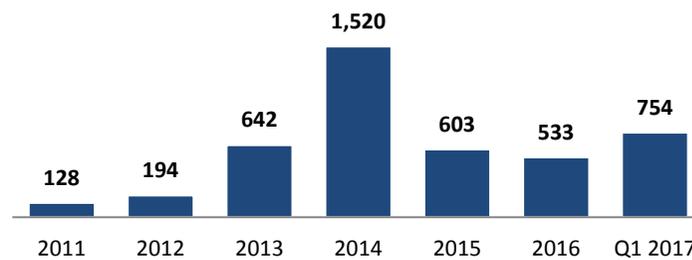
Market Capitalization (AEDbn)



Total Traded Value (AEDbn)



ADTV (AEDm)



Market Velocity¹ (%)

DFM Market Velocity and Average Velocity for Global Exchanges

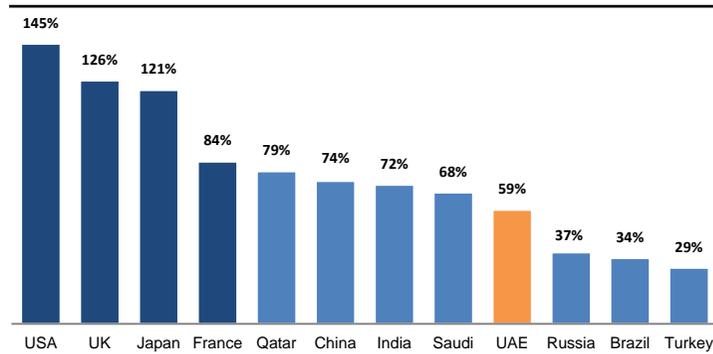


Note: Figures exclude Nasdaq Dubai

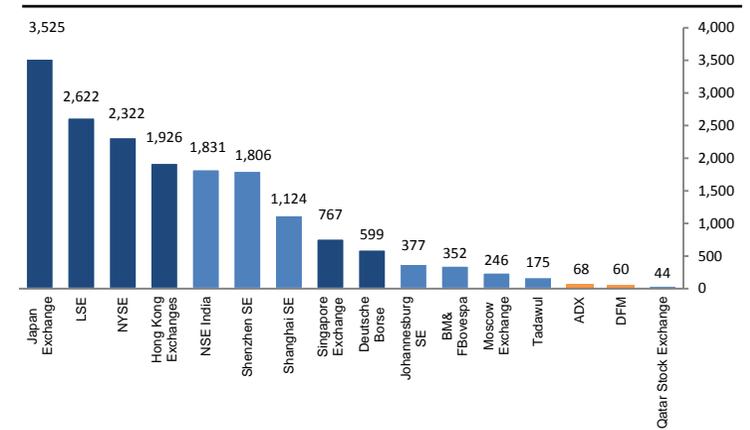
¹ Defined as annual traded value end of year / market capitalization.

DFM Presents
Significant
Growth
Opportunities

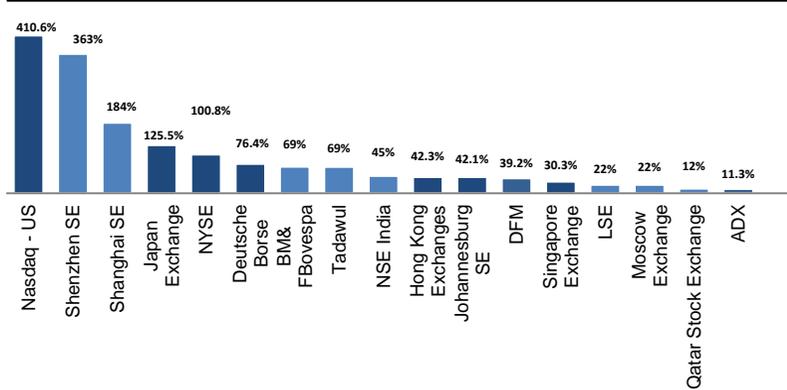
Equity Market Capitalisation to GDP



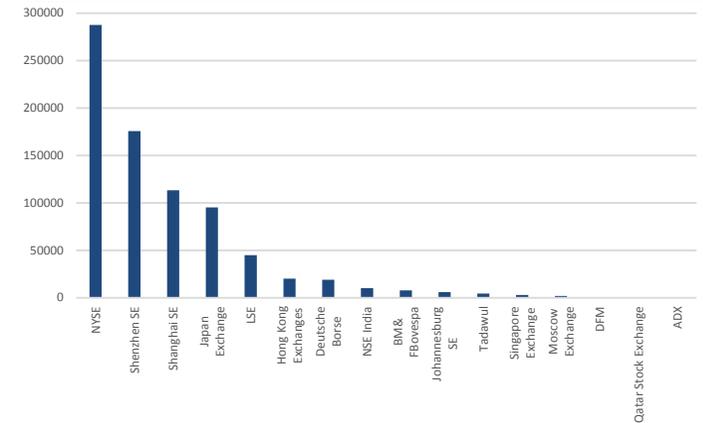
Number of Listed Companies



Equity Market Velocity as of end of August 2016



ADTV (AEDmn)

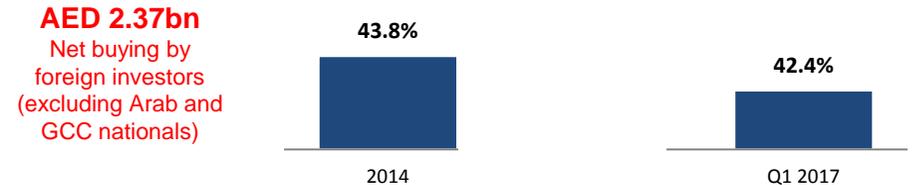


Source: Euromonitor, World Bank, World Federation of Exchanges
 Note: Statistics as of Dec-2016; Number of listed companies as of 31-Jan-2016
 1 Based on market capitalization over nominal GDP.
 2 Calculated as annualized trade value / end of period market capitalization.

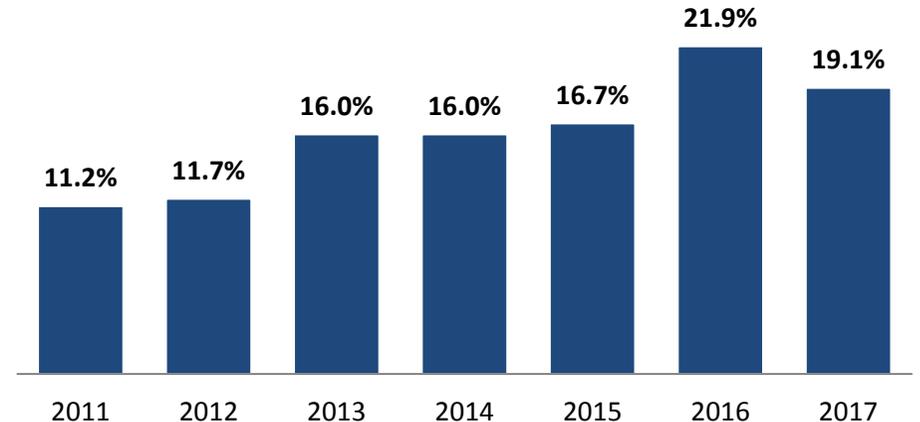
Strong and Growing Foreign Investor Base

- 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 Arabs and GCC nationals)
- Foreign investors interest continued in 2016 as they were net buyers of **AED 2.37 billion (excluding Arab and GCC nationals) in 2016**
- 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)



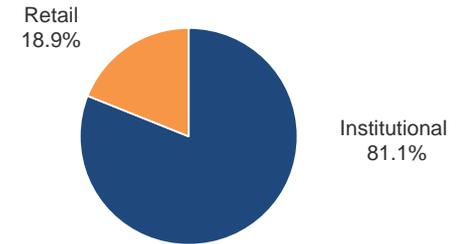
Source: DFM Analytics

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

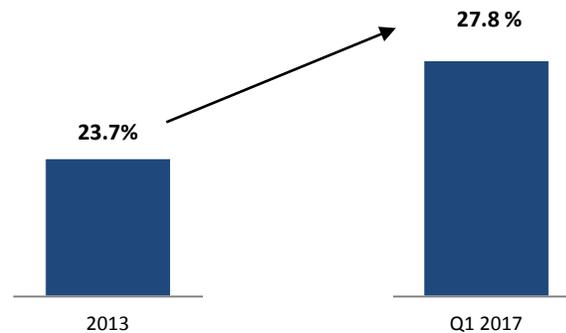
Commentary

- The DFM has attracted increasing institutions investor base, in light of the sound national economy and the continuous improvement of listed companies' performance
- Institutional investors own 81% of the stock listed on the DFM as of the end of Q1 2017 .
- Active institutional investor participation in trading with stocks bought accounting for 29.2 % of the total traded value in 2016 and 29.2 % in 2016

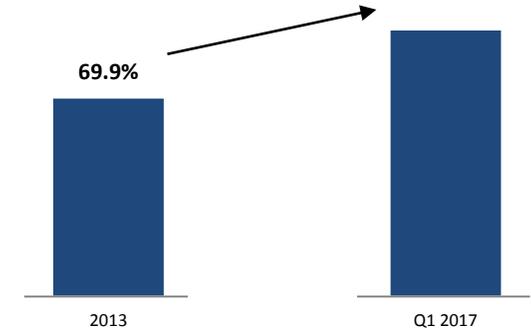
Share Ownership Split



Institutional Trading Share (%)



Institutional Ownership (% of Market Cap)

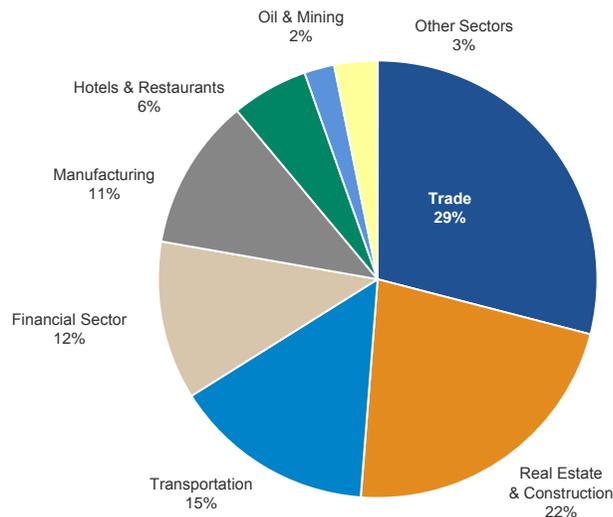


Increasing
Institutional
Investor Base

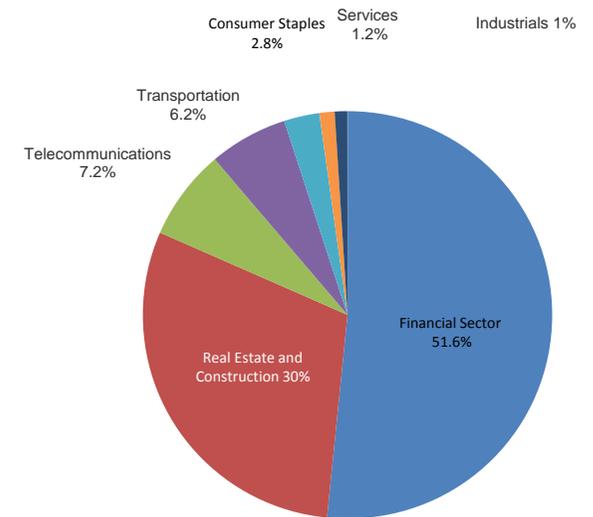
Source: DFM Analytics
Note: Figures excluding Nasdaq Dubai

- Trade, manufacturing, construction, transport and real estate are the biggest contributors of Dubai's economy
- Unlike the economy, the DFM market is concentrated, on financials, real estate and construction. These sectors collectively represent 34% of the economy but over 80% of the market capitalisation
- This represents significant opportunities for DFM as there is a strong pool of sectors and companies to be listed in the future

FY 2015 Dubai GDP Breakdown



DFM Sector Breakdown



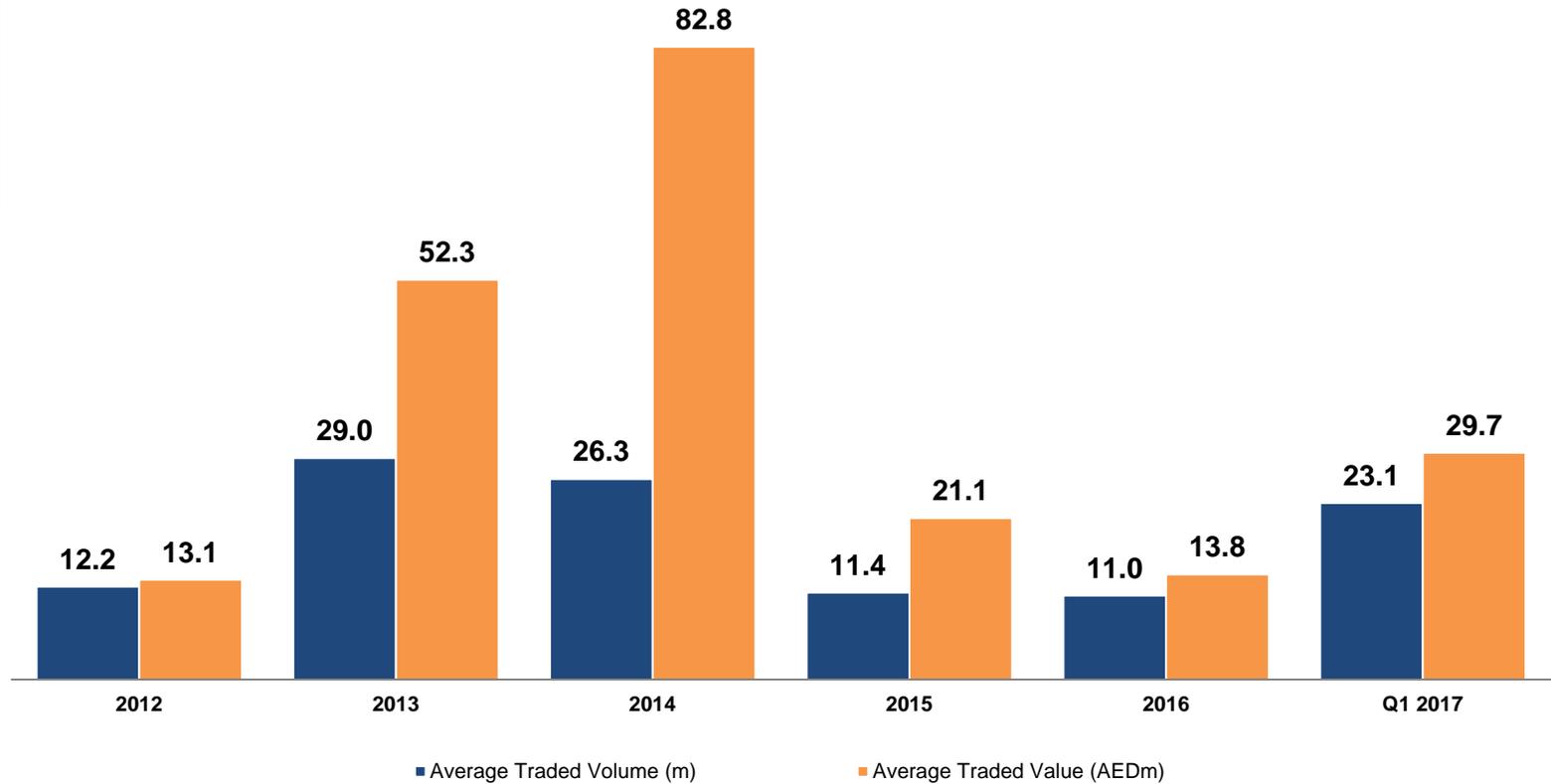
DFM is Not Yet Reflecting the Diversity in Dubai's Economy

Source: Dubai Statistics Centre, DFM Analytics

¹ Based on value of owned stock.

DFM Stock Trading Activity

DFM is One of the Most Liquid Stocks on the Exchange

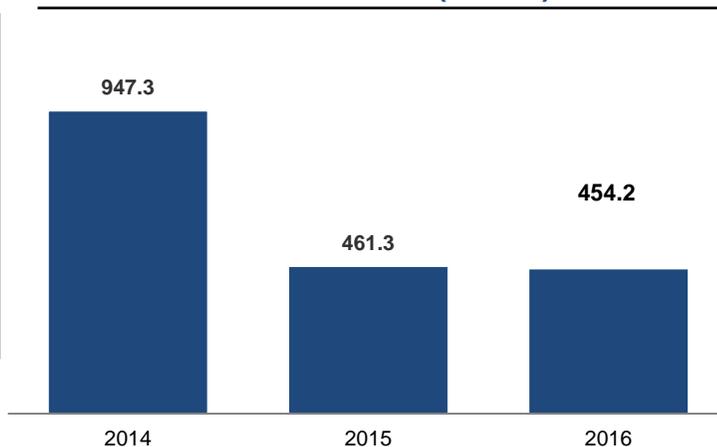


Source : DFM Analytics

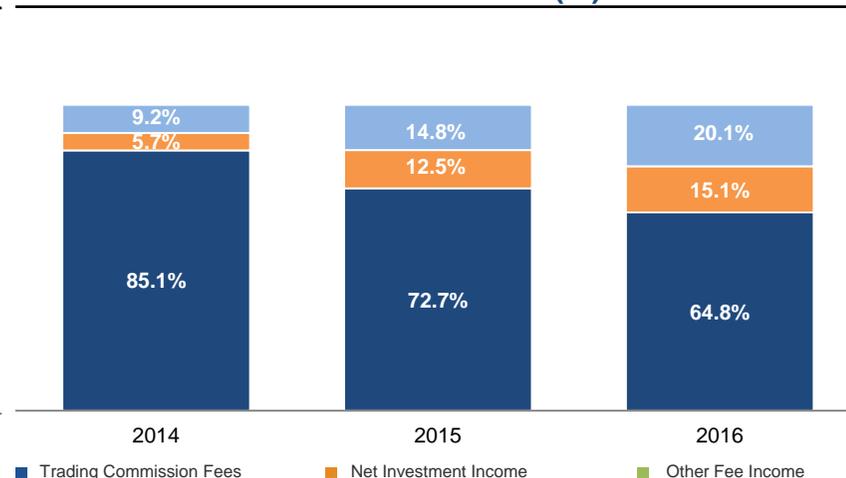
- DFM continues to provide advanced and innovative products/services as part of its strategy targeting the diversification of revenue streams and increase in non-trading commission income

Financial Highlights

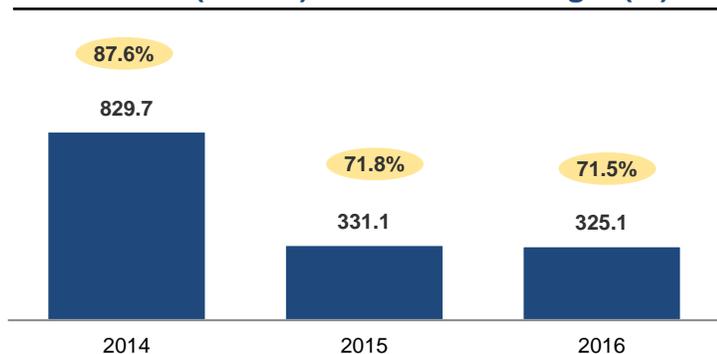
Total Revenue (AEDm)



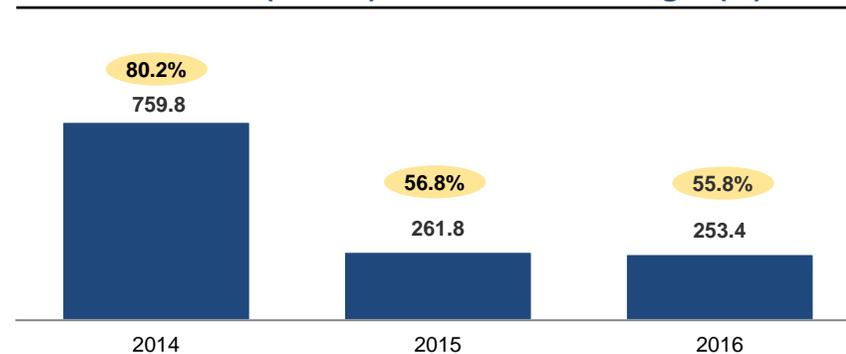
Total Revenue Mix (%)



EBITDA (AEDm) and EBITDA Margin (%)



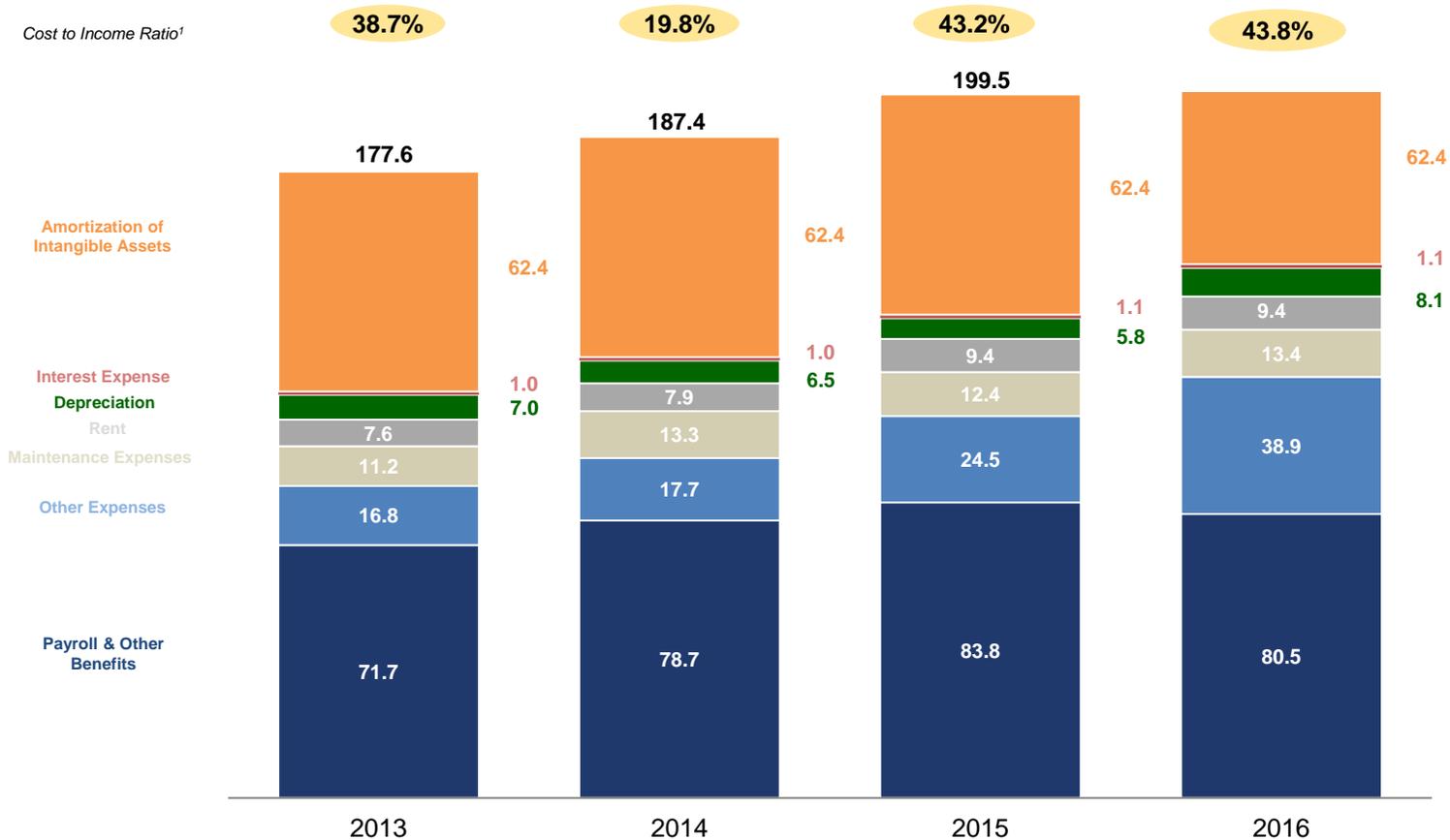
Net Profit (AEDm) and Net Profit Margin (%)



Note: Consolidated financial statements; EBITDA includes investment income and other income

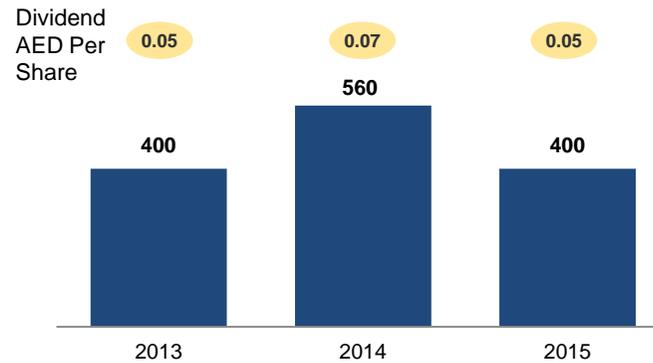
Stable Expense Base

Breakdown in AED

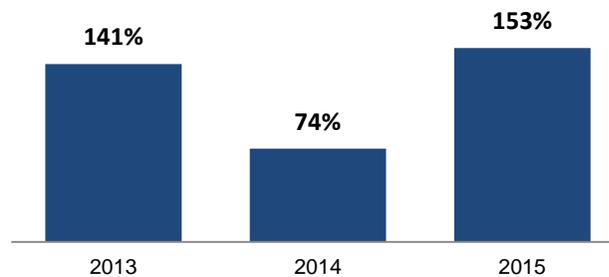


Dividend Payout History

Dividends (AEDm)



Dividend Payout (% of Net Profit)¹



Selected Balance Sheet Items

(AEDm)	2014	2015	2016
Investment Deposits	2,780	2,303	2,200
Financial Assets Measured at Fair Value	718	702	836
Goodwill	2,879	2,879	2,879
Other Intangible Assets	2,384	2,322	2,259
Property and Equipment	15	21	262
Total Assets	9,002	8,535	8,850
Total Equity	8,431	8,046	7,920

Note: Consolidated financial statements

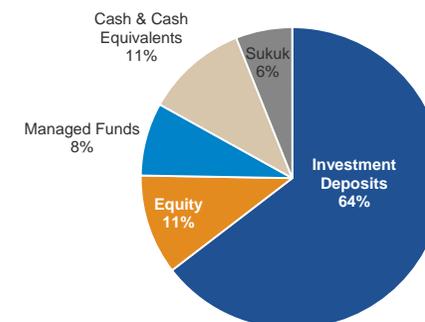
¹ Calculated as dividend (paid following year) divided by the net profit of the year.

Strong Balance Sheet with Significant Financial Assets

Financial Assets

(AEDm)	2016
Cash and Cash Equivalents	370
Investment Deposits	2200
Less than 3 Months	510
Up to 1 Year but More than 3 Months	1,395
More than 1 Year ¹	294
Other Financial Assets Measured at Fair Value – (FVTOCI)	837
Investment in Equity Securities	365
Managed Funds	267
Investment in Sukuk	205.6
Total	3,407

Financial Assets Breakdown



Commentary

– Investment Deposits:

- Investment deposits are placed with financial institutions in the UAE
- They carry profit rates ranging from 2 % to 3% per annum

– Other Financial Assets:

- All recognized financial assets are measured at either amortized cost or fair value

95% of the other financial assets are invested within the UAE

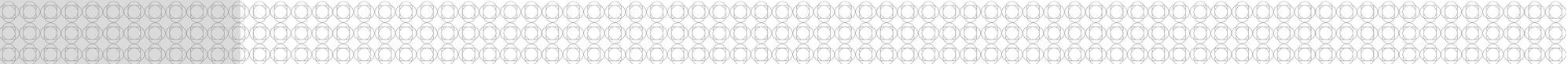
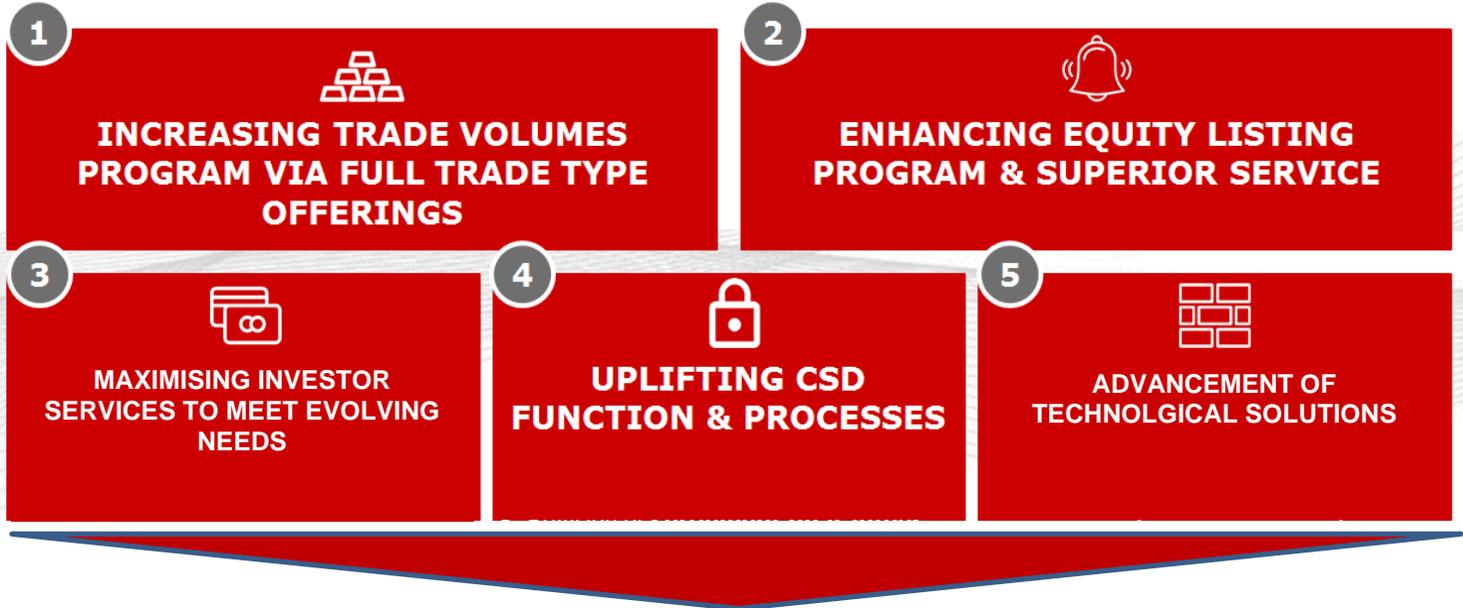
Note: Consolidated financial statements

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



DFM 2021

This will enable us to truly embrace a **new mission for 2021** that will allow us to be a leader 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 & 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

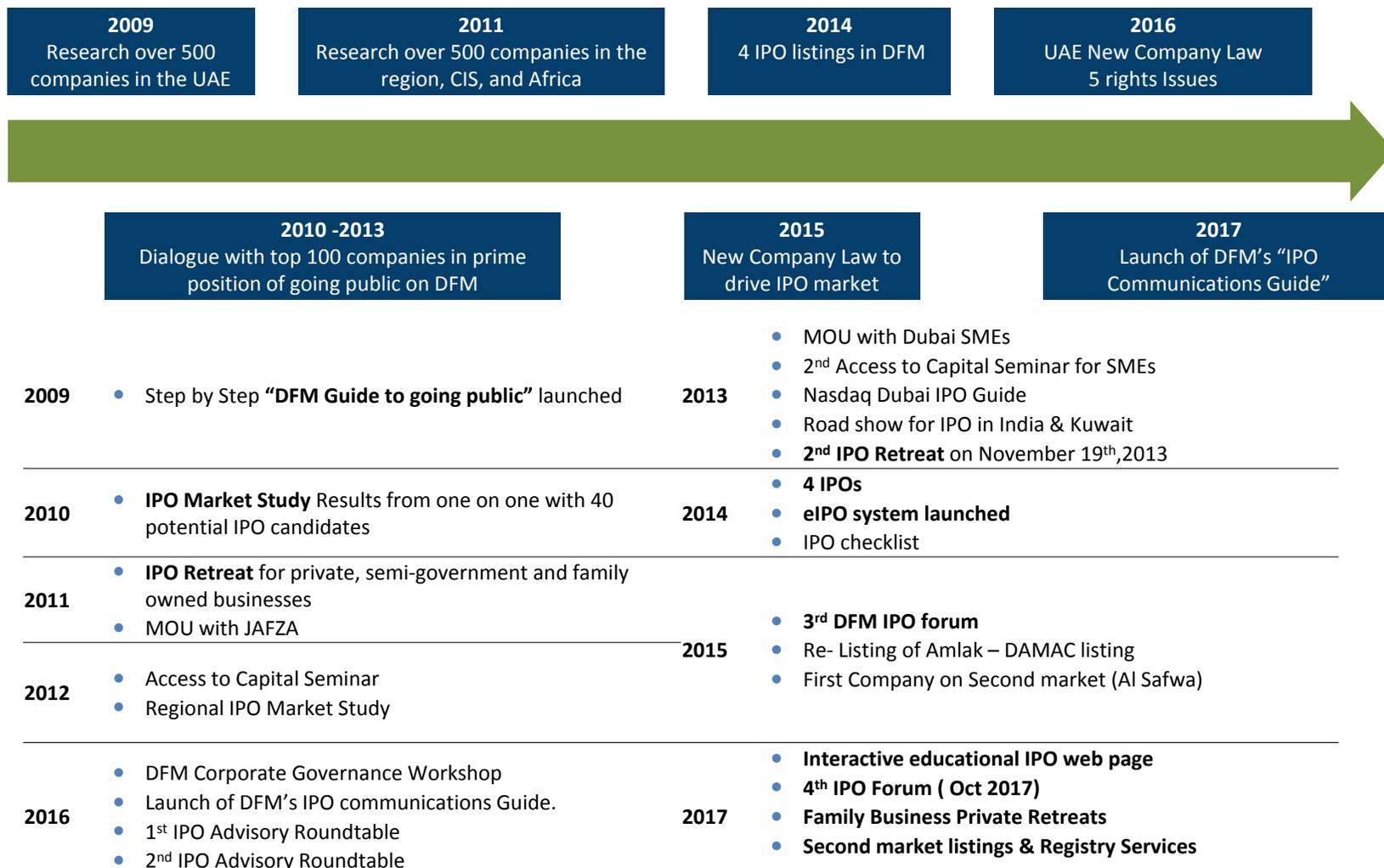
Regionally in GCC & MENA

- 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

Equity Raise Track Record

Year	Company Name	Size	Deal Type
		(AED Million)	
2013	EMIRATES ISLAMIC BANK	1,500	Rights Issue
2014	TABREED	133	Convertible bonds to shares
	MARKA	500	Equities
	DXB ENTERTAINMENTS	6,321	Equities
	AMANAT	2,500	Equities
	EMAAR Malls	37,741	Equities
	EMAAR PROPERTIES	1,800	Convertible bonds to shares
2015	DAMAC PROPERTIES	6,050	Conversion of GDRs Pursuant to Exchange Offer
	AL SAFWA	130	PJSC Secondary Listing
	TAKAFUL EMARAT	50	Rights Issue
2016	DUBAI ISLAMIC BANK	3,163	Rights Issue
	AJMAN BANK	675	Rights Issue
	DXB ENTERTAINMENTS	1,678	Rights Issue
	AL RAMZ	95	Rights Issue
	EMIRATES ISLAMIC BANK	1,500	Rights Issue
	AFKAR CAPITAL	3.2	Exchange Traded Fund
	NATIONAL INTERNATIONAL HOLDING	675	Dual Listing

Strategic Milestones Building Strong IPO Pipeline



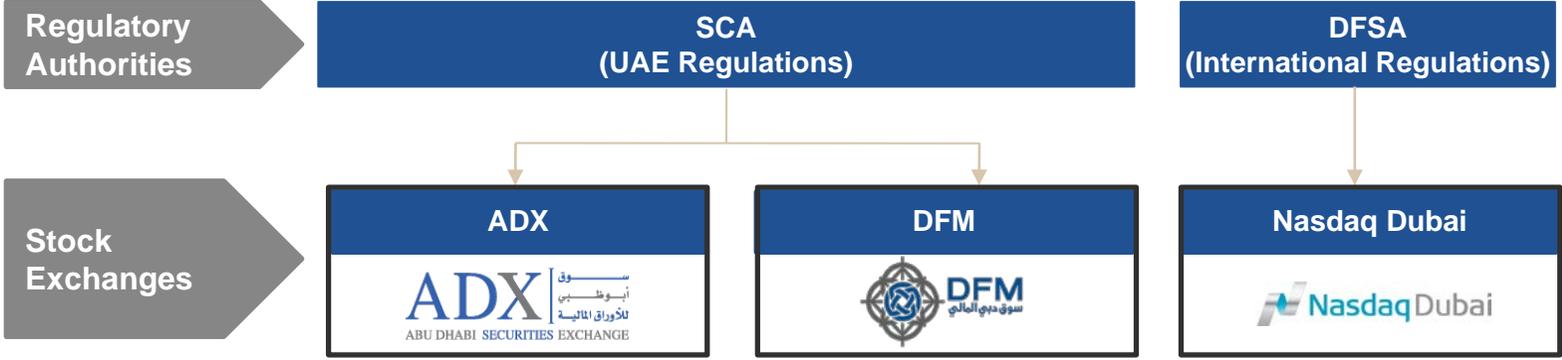
APPENDIX

DFM Consolidated P&L

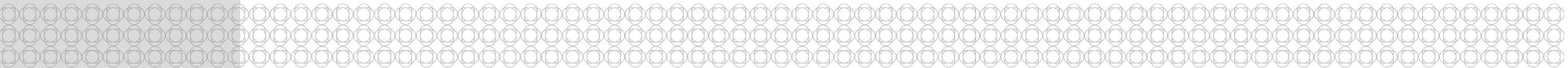
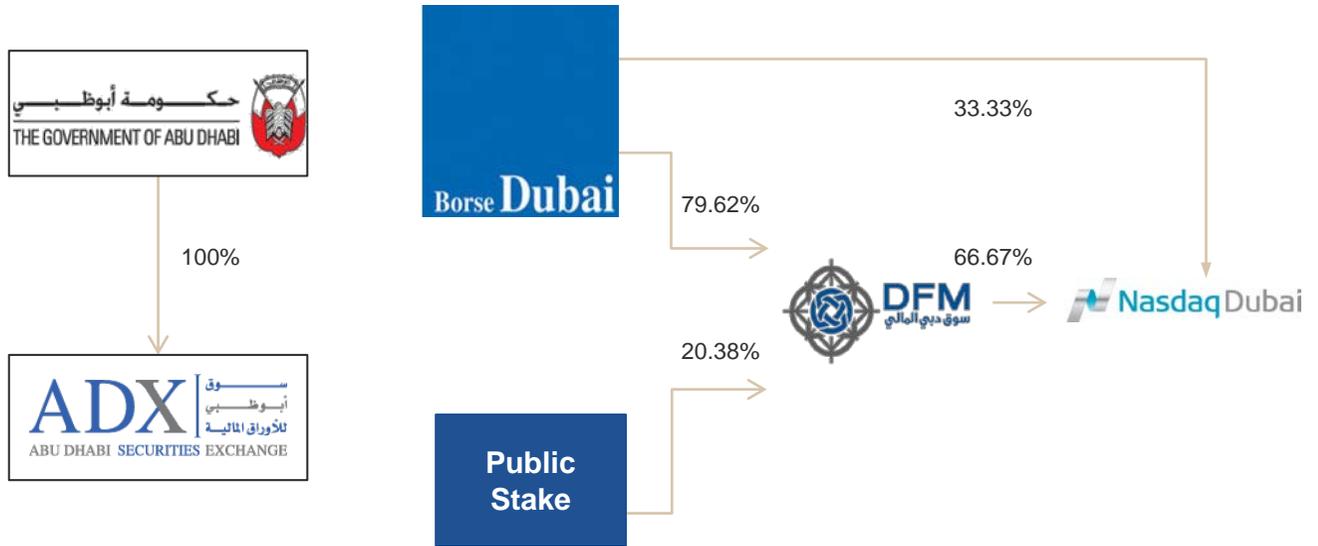
(AEDm)	2014	2015	2016
Trading Commission Fees	806.0	335.2	294.6
Brokerage Fees	15.0	19.4	20.6
Clearing, Settlement and Depository Fees	55.9	34.8	39.7
Listing and Market Data Fees	8.8	9.3	9
Other Fees	3.3	4.5	5.1
Operating Income	889.0	403.2	369.4
Investment Income	54.4	57.7	68.4
Other Income	3.8	0.4	5.3
Change in Fair Value Gain on Gifted Land	-	-	231.3
Total Income	947.3	461.3	454.2
Payroll and Other Benefits	(78.7)	(83.8)	(80.5)
Other General & Administrative Expenses	(30.9)	(38.8)	(37)
Rent	(7.9)	(9.4)	(9.4)
Depreciation	(6.5)	(5.8)	(8.1)
Amortization of Intangible Assets	(62.4)	(62.4)	(62.4)
Interest Expense	(1.0)	(1.1)	(1.1)
Total Expenses	(187.4)	(198.4)	(199.3)
Provision for Impairment Against Investment Deposit	-	-	(226.0)
Net Profit for the Year	759.8	261.8	253
Attributable to:			
Owners of the Company	759.3	261.0	253
Non-controlling Interest	0.5	0.08	0.3
EPS (AED)	0.095	0.033	0.032

Note: Consolidated financial statements

Relationship with Nasdaq Dubai & Regulatory Authority



Ownership Structure



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	<ul style="list-style-type: none"> Minimum 10 founding shareholders 	<ul style="list-style-type: none"> Minimum 5 founding shareholders
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
Underwriting	<ul style="list-style-type: none"> No underwriting or sponsor required 	<ul style="list-style-type: none"> Underwriting could be applied and will be regulated by a ministerial decree
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

- 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

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