

# Dubai Financial Market PJSC

Investor Presentation  
FY 2020

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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.

<b>Listings (FY 2020)</b>	<b>AED 340bn</b> Market Capitalization	<b>65</b> Companies Listed on the DFM	<b>113</b> Bonds and Sukuks Listed on Nasdaq Dubai with a value of \$90bn
<b>Volumes (FY 2020)</b>	<b>AED 66bn</b> Total Traded Value	<b>AED 261mn</b> Average Daily Traded Value (ADTV)	<b>19%</b> Market Velocity <sup>1</sup>
<b>Volume by Investor Type (FY 2020)</b>	<b>50%</b> Foreign Investors' Trading Share	<b>19%</b> Foreign Ownership (% of Market Cap)	<b>44%</b> Institutional Investors' Trading Share
<b>Consolidated Financials (FY 2020)</b>	<b>AED 351.8mn</b> Revenue	<b>AED 225.7mn</b> EBITDA	<b>AED 142.6mn</b> Net Profit

Source: DFM analytics.

Note: Trading statistics for DFM excludes Nasdaq Dubai.

Foreign investors defined as non-UAE investors.

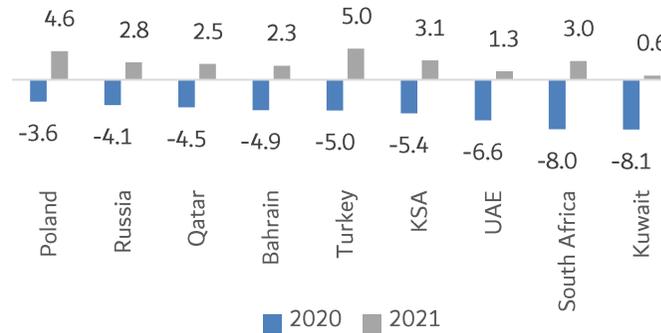
<sup>1</sup> Velocity is calculated as annualized trade value / end of period market capitalization.



# The UAE Benefits from Strong Demographic & Macroeconomic Fundamentals

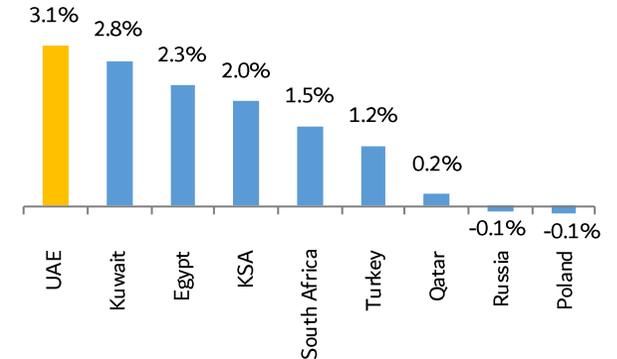
## 1 Continued GDP recovery post COVID-19 pandemic...

2020E & 2021E Real GDP Growth (%)



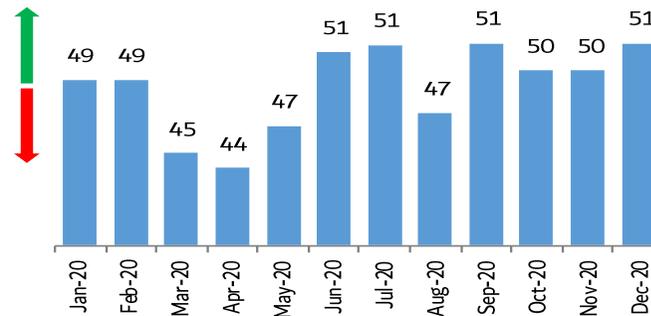
## 2 Growing Population...

2020-2025E Population Annual Growth (%)



## 3 Sustained Growth in Non-Oil Economy...

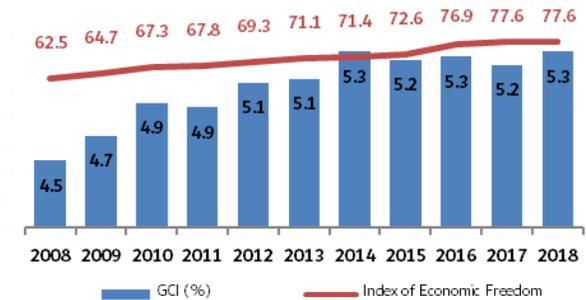
UAE Non-Oil Private Sector PMI, 2020 impacted by COVID-19 Pandemic.



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

## 4 ...Resulting in a Stable Business Environment

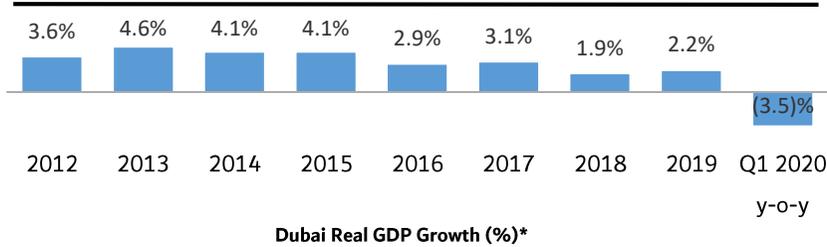
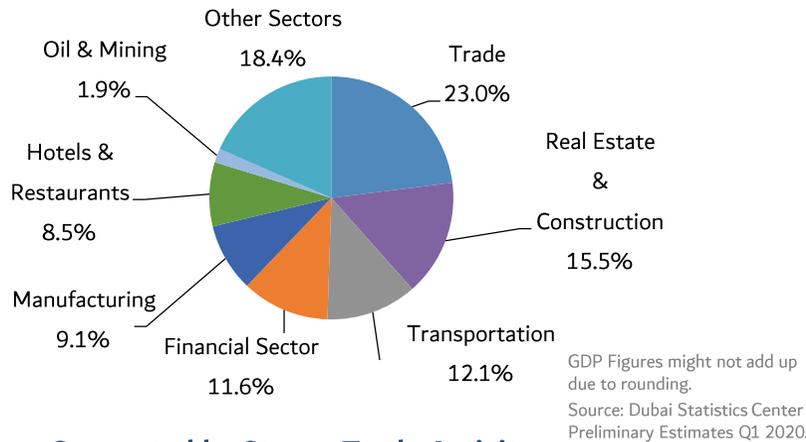
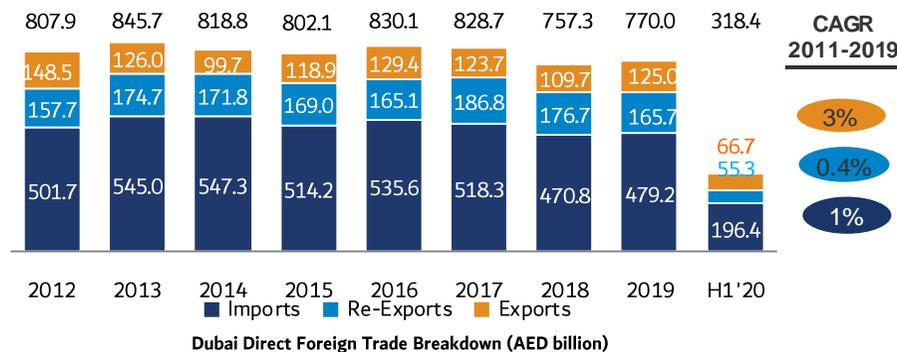
Globally, strengthened with the quality of its enabling environment, the UAE ranked 25th on the Global Competitiveness Index (GCI 2019) & ranked 18<sup>th</sup> on the 2020 Index of Economic Freedom (1st in the MENA) with a score of 76.2.



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



**Dubai Growth  
is Driven by a  
Well-  
Diversified  
Economy**

**Continuous Dubai GDP Growth ...**

**...Driven by a Diversified Economy...**

**...Supported by Strong Trade Activity**

**Main highlights of Dubai economy:**

- The Emirate of Dubai has reported its budgeted expenses for 2021 to reach AED 57.1bn.
- During 2019, Dubai maintained its position as the fourth most visited city in the world for the fifth year in a row<sup>2</sup>, 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 290.7bn in foreign direct investment balance in 2016. During the first half of 2019, Dubai attracted AED 46.6bn in foreign direct investments<sup>1</sup>.
- Dubai is the 1st regionally and the 8th globally in the Global Financial Centres Index. And ranks the 16<sup>th</sup> 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 AED268bn – end of 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.  
\* 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 (due to COVID-19 pandemic) compared to Q1 2019.

<sup>1</sup> Source: The Dubai Advantage, Dubai FDI.

<sup>2</sup> Source: Mastercard's Global Destination Cities Index (GDCI) 2019.



# DFM 2021 Positioning

Embracing a **new mission for 2021** will strengthen our leading position in our industry

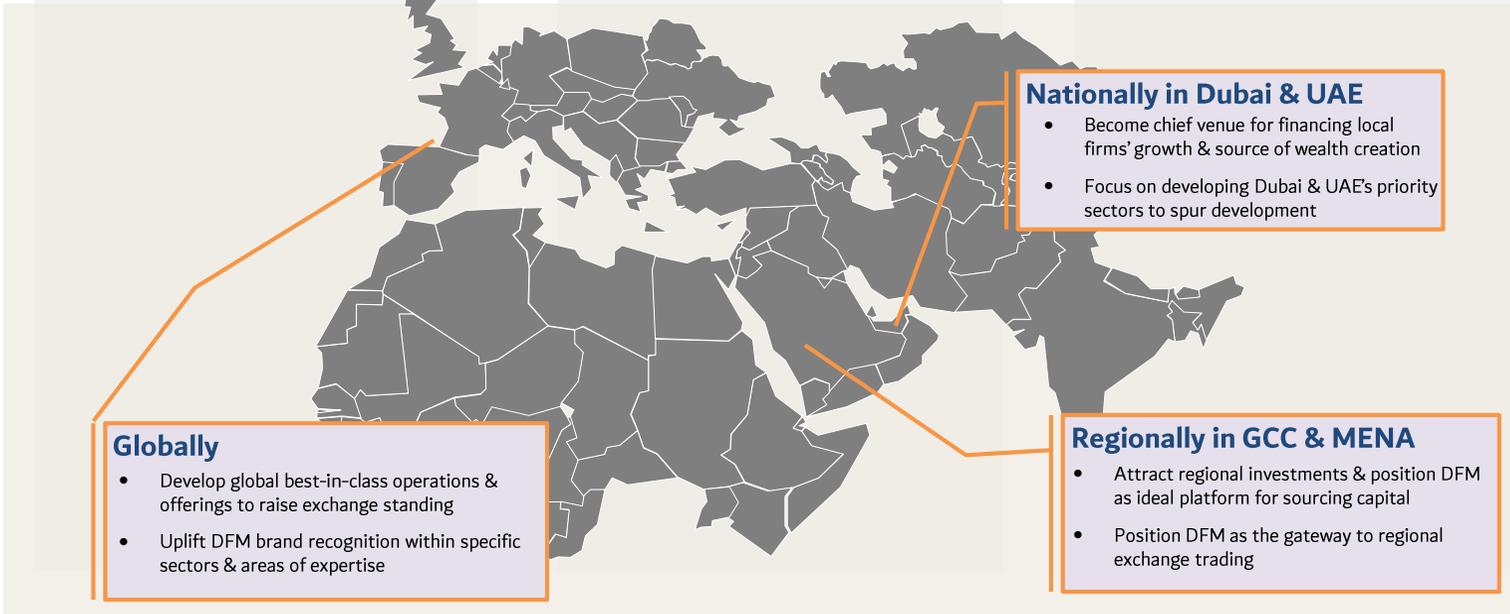
**Bringing the highest possible value to the UAE's economic ecosystem, our stakeholders & our shareholders**

*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

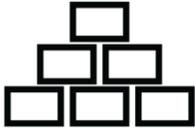


## DFM Strategic Objectives 2021



**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"> <li>• Maximizing clearing members' capital requirements, adopting international best practices for margins and settlement funds.</li> <li>• Higher efficiency in using collateral.</li> <li>• Potential boost of clearing members' liquidity.</li> </ul>
Enhanced risk mitigation	<ul style="list-style-type: none"> <li>• Enhanced risk management by ring-fencing risk through creating separate legal entities.</li> </ul>
Compliance with regulations and international best practice	<ul style="list-style-type: none"> <li>• Comply with SCA's regulations regarding CCP which requires a separate legal entity for the CCP business license.</li> <li>• 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.</li> <li>• Comply with the international best practice recommendations.</li> </ul>



# DFM's Diversified Product Offering

## Multiple product and service offerings leading to diversified revenue streams

### Listing

- Equities (Primary and Dual)
- ETFs
- Mutual Funds
- Sukuks/ Bonds
- Equity Derivatives (Traded through Nasdaq Dubai & DFM)
- Rights Issues
- REITs\*
- Free Zone Market (primary offering and listing on DFM)
- Second Market (Private Companies listing and ability to trade shares with main Market)

### Trading Tools

- Margin Trading
- Regulated Short Selling
- Block Trade
- Special Trade
- Online Trading Tools
- Allocation Account
- Single Stock Future

### Post Trade

- Clearing
- Settlement
- Pledge Services
- Securities Lending & Borrowing
- Settlement of Repos on DFM listed shares
- Transfer of margined securities between trading members
- CCP and CSD

### Market Data

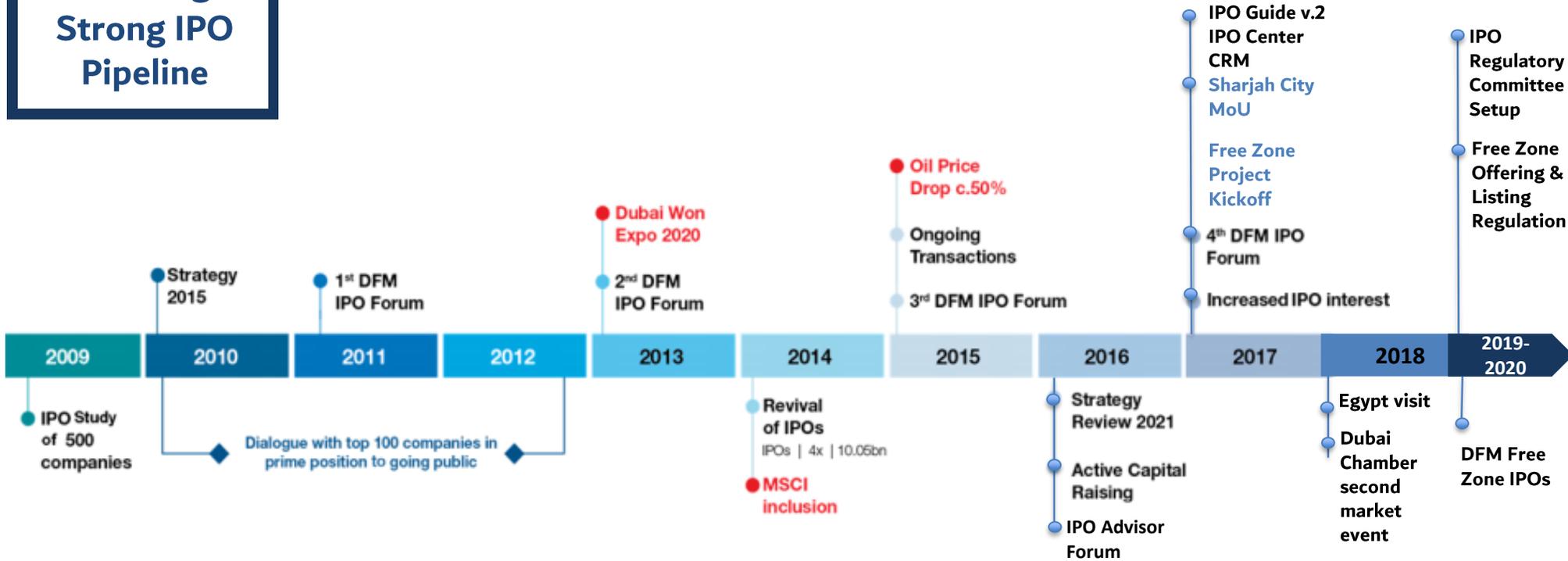
- Real-time and historical data
- Indices

### Investor and Issuers Services

- Custody
- eIPO
- iVestor
- Electronic Dividend Payment Services
- Issuers' Support Program
- Annual International Roadshows
- AGM / EGM Services & Voting Services
- Share Book Services
- XBRL
- eSAR Services
- efsah Electronic Disclosure Services
- eBoard (Electronic Board Nomination application access)
- Links with foreign CSDs for dual listings
- Multi NIN capability across custodians

Note: Nasdaq Dubai launched Derivatives trading in September 2016.  
 \* In progress

# Strategic Milestones Building Strong IPO Pipeline



On going successful DFM International Investor Roadshows since 2007; meeting investors with AUM ranging from \$2 billion to \$500 billion and totaling \$4 trillion.

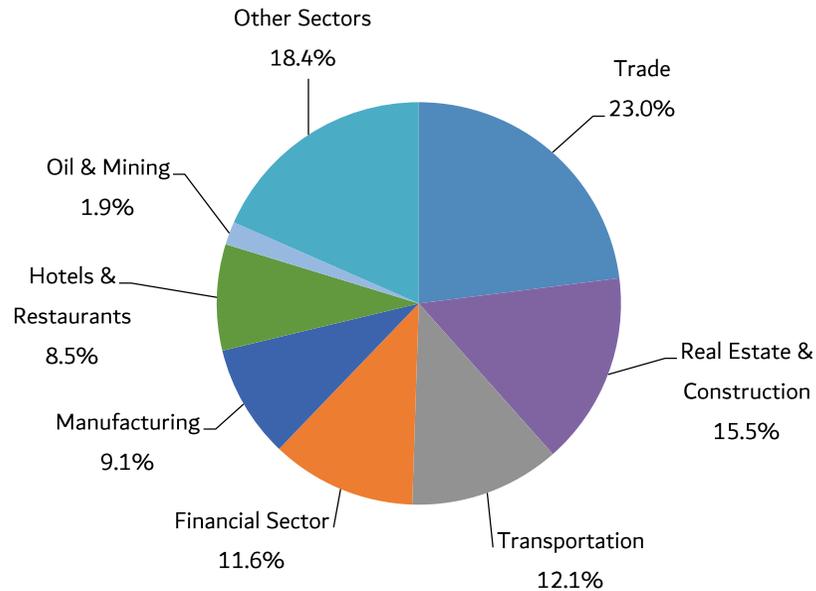


## Sectors Mix of Dubai's GDP vs. DFM's

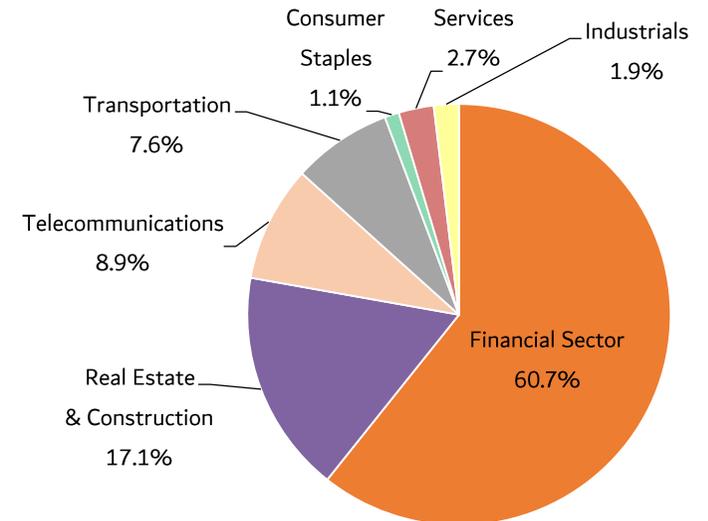
### DFM's IPO pipeline strategy aims at a better reflection of Dubai's GDP mix.

- 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 Breakdown<sup>1</sup> - Q1 2020

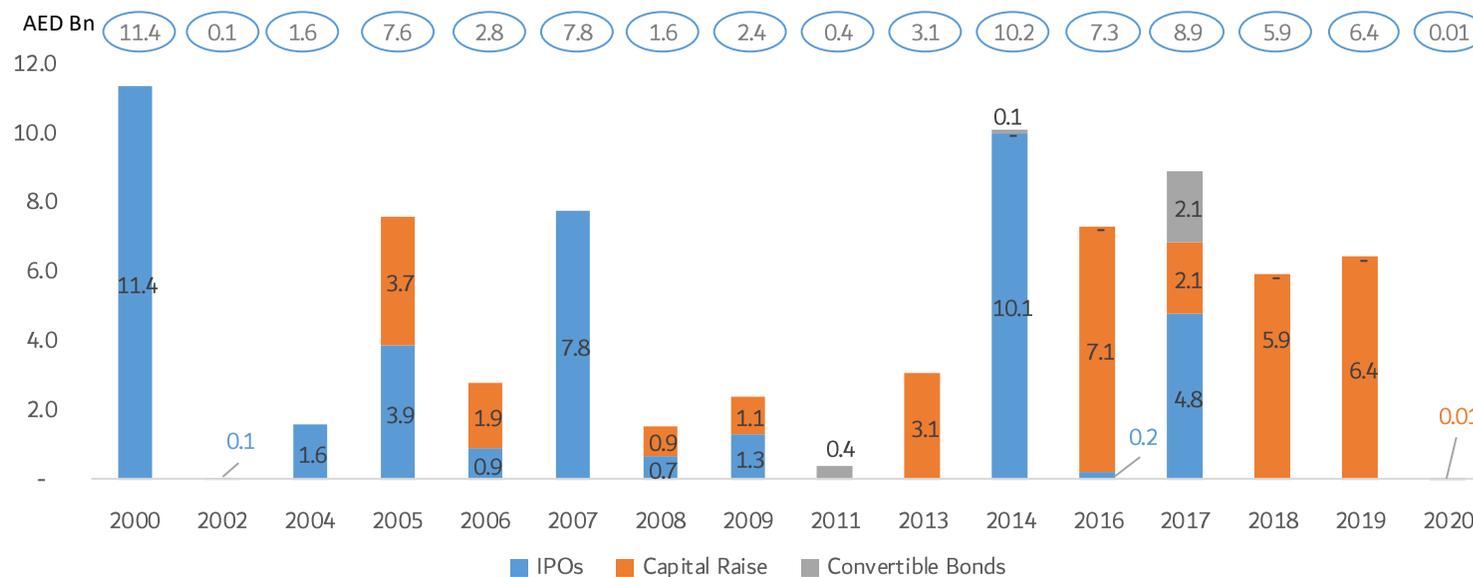


Figures may not add up to 100% due to rounding.  
 \* Source: Dubai Statistics Center Preliminary Estimates Q1 2020.  
<sup>1</sup> DFM Sector Breakdown is by market cap.



# Issuer Transactions 2000 – 2020

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



### IPOs (2014 – 2018)



### Capital Raise (2014 -2018)



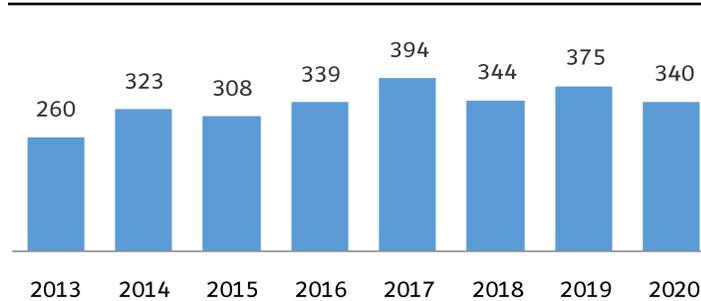
### Convertible Bonds (2011 – 2017)



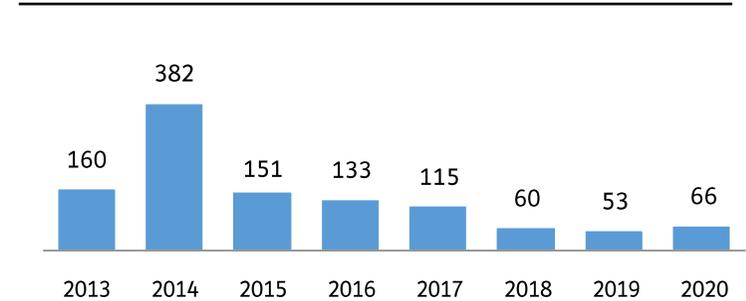
\*Total funds raised represent the floated amounts in AED.

# Operational Highlights

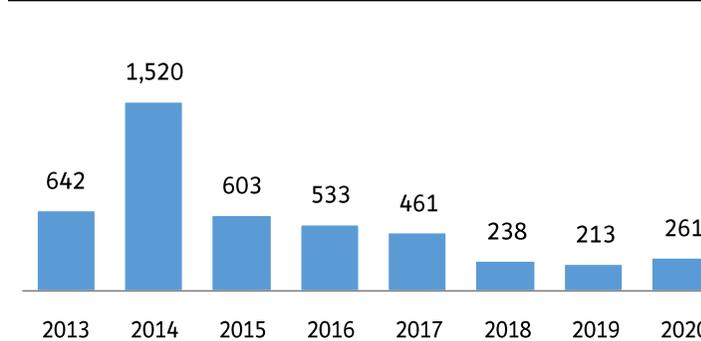
### Market Capitalization (AED bn)



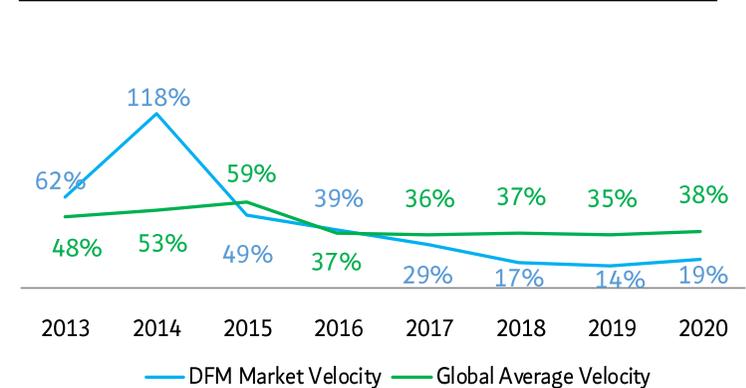
### Total Traded Value (AED bn)



### ADTV (AED mn)



### Market Velocity<sup>1</sup> (%)



Note: Figures exclude Nasdaq Dubai

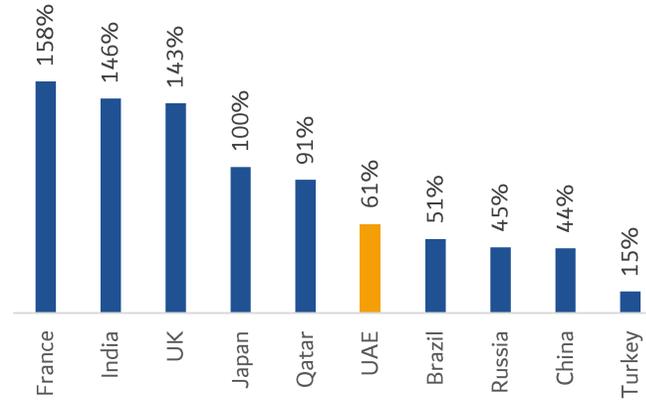
<sup>1</sup> Velocity is calculated as annualized trade value/end of period market capitalization.

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

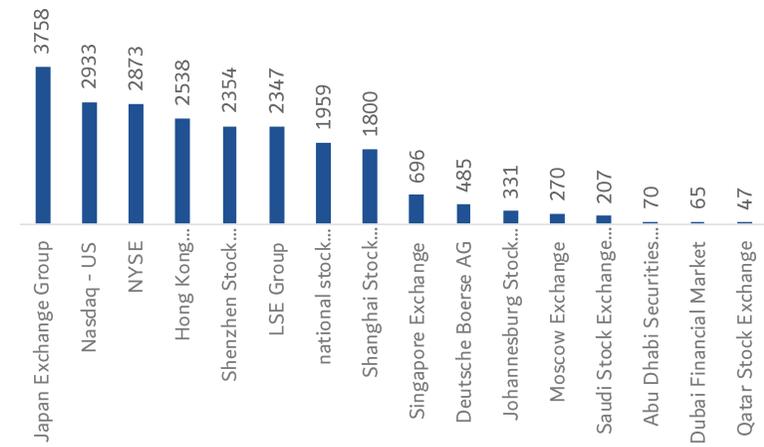


# DFM Presents Significant Growth Opportunities

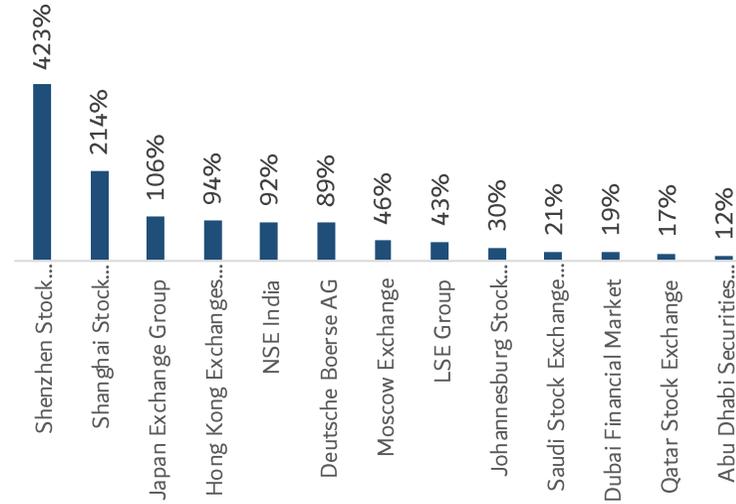
## Equity Market Capitalisation to GDP<sup>1</sup>



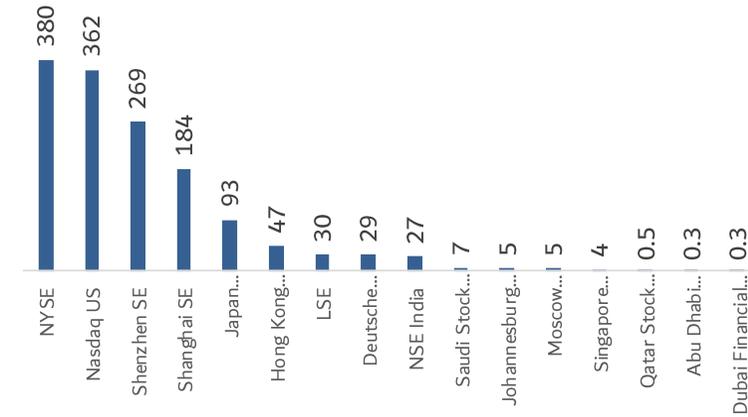
## Number of Listed Companies<sup>2</sup>



## Equity Market Velocity<sup>2</sup>



## ADTV (AED bn)<sup>2</sup>



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

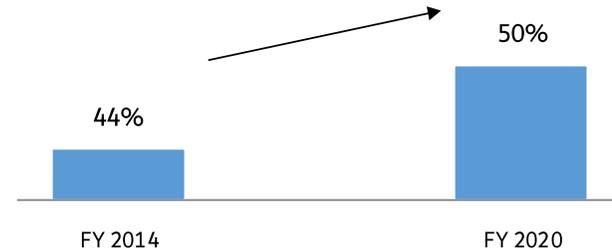
<sup>1</sup> Based on Dec 2019 market capitalization over 2019 real GDP.

<sup>2</sup> Data is updated till end of Dec 2020.

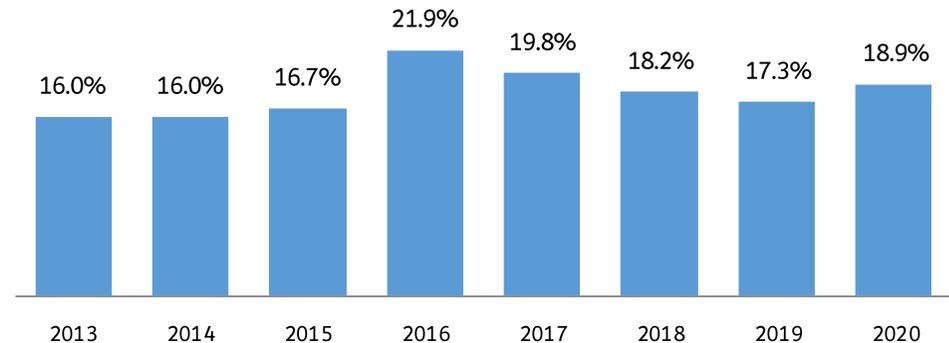
## Continued Foreign Investor Interest

- 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)



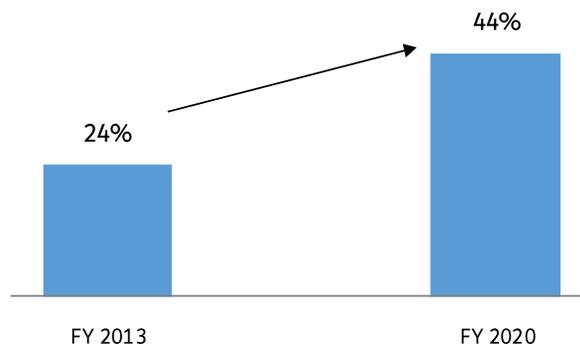
Source: DFM analytics.

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

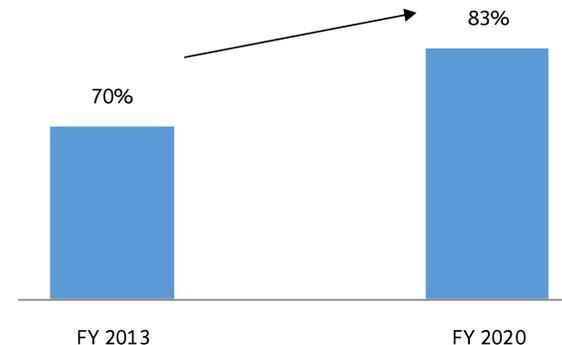


## Increasing Institutional Investor Base

### Institutional Trading Share (%)



### Institutional Ownership (% of Market Cap)



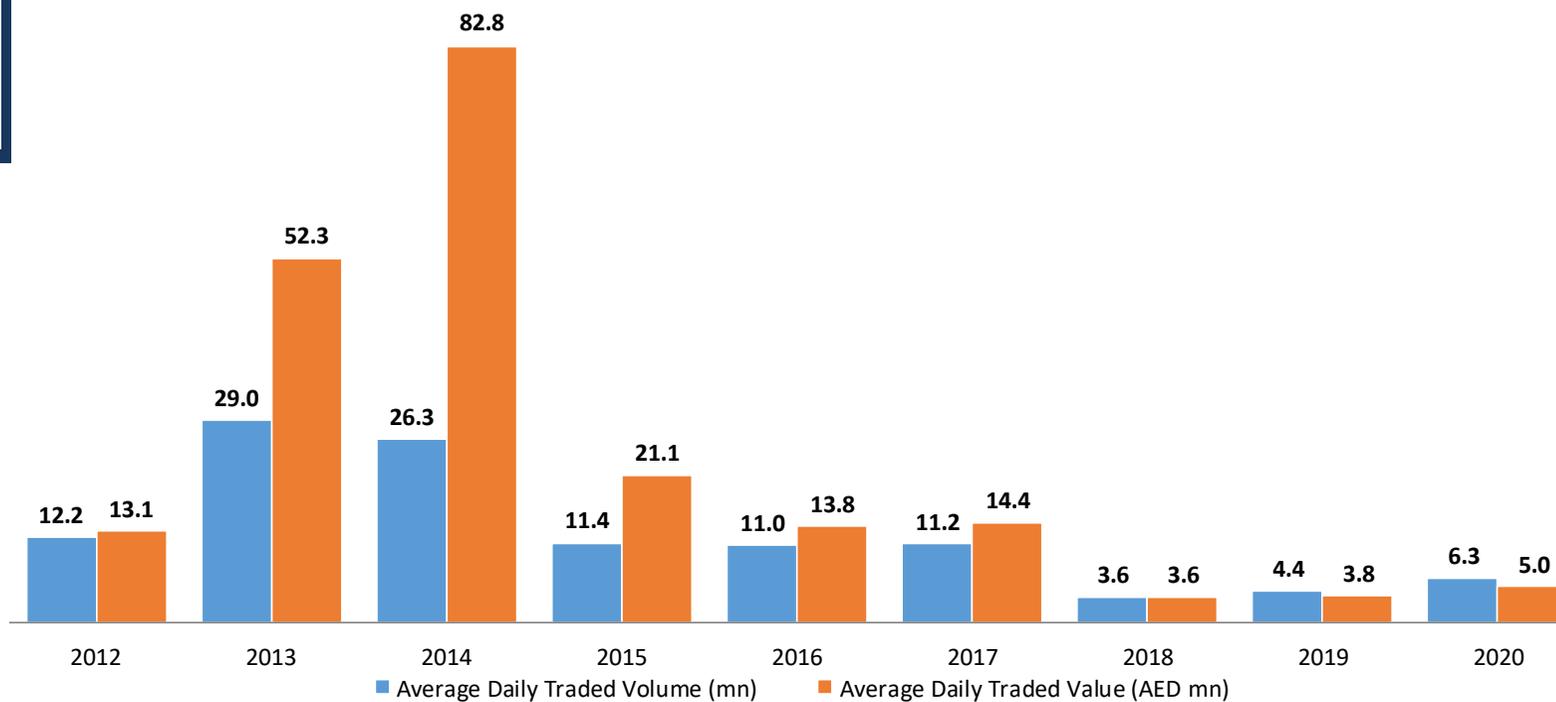
### Commentary

- 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 2020.

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



## DFM PJSC Stock Trading Activity



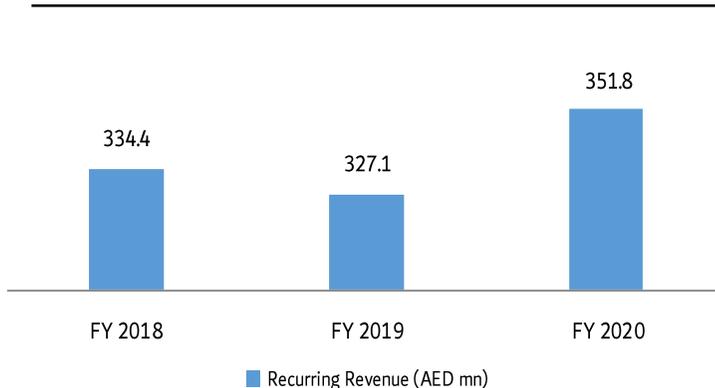
Source: DFM analytics.



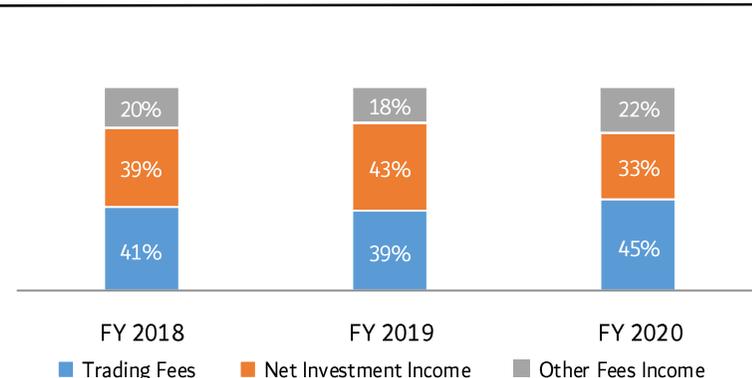
- DFM continues to provide advanced and innovative products/services as part of its strategy to diversify revenue streams and increase non-trading commission income.

## Financial Highlights

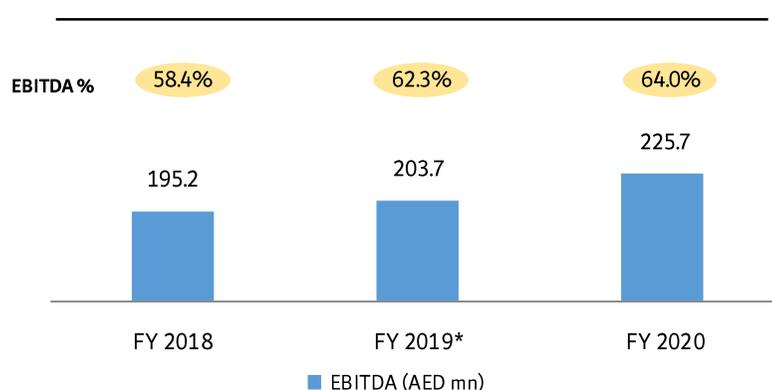
### Recurring Revenue (AED mn)



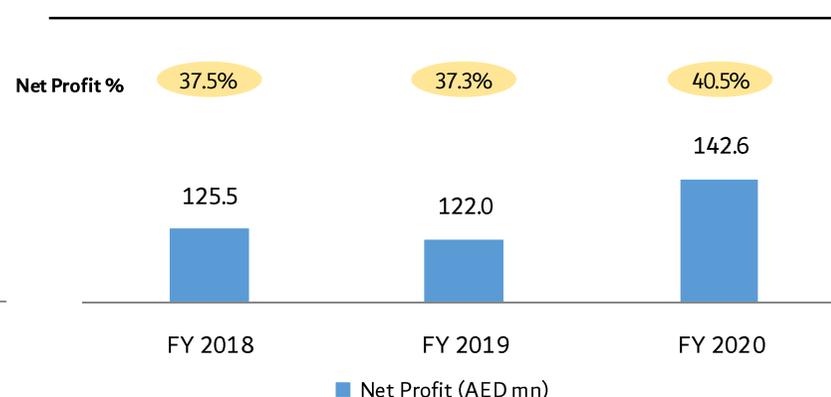
### Total Revenue Mix (%)



### EBITDA (AED mn) and EBITDA Margin (%)



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

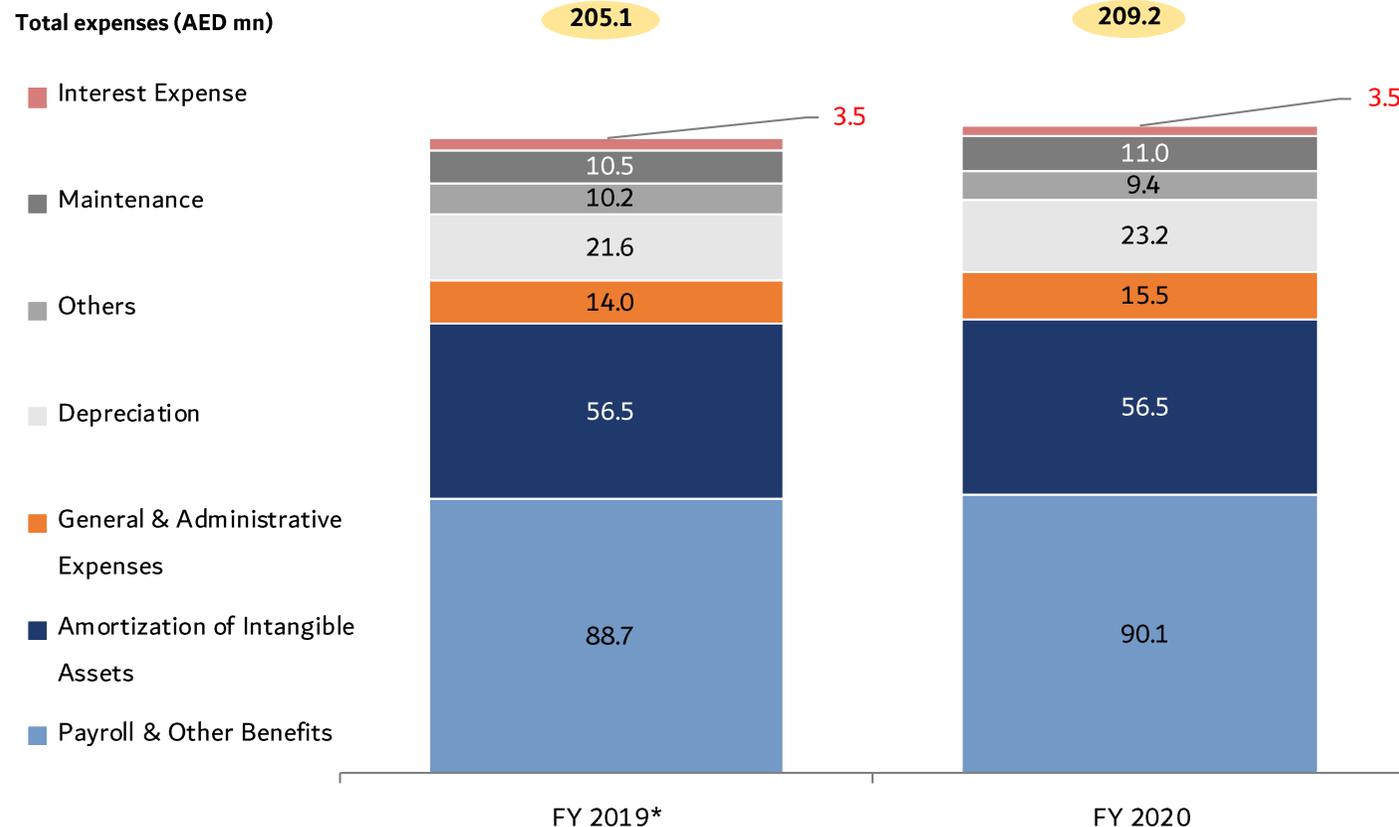


\* As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating rental expenses, the Group recognized right to use of assets and therefore reclassified rent/lease expense as depreciation expense starting Q1 2019.

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

### Breakdown in AED mn



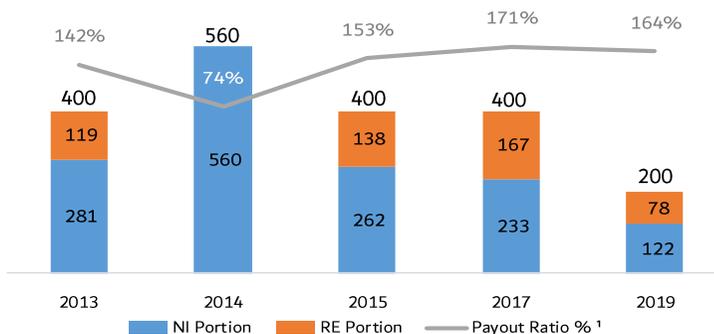
Note: Consolidated expenses; some figures & percentages might not totally add up due to rounding.

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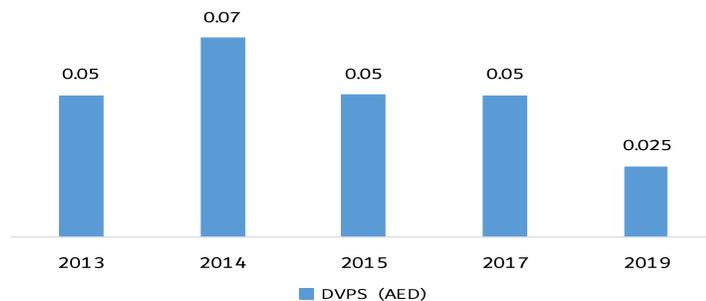
## Dividend Payout History

### Dividends (AED mn)



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

### Dividend Per Share (AED)



Note: Consolidated financial statements

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

### Selected Balance Sheet Items

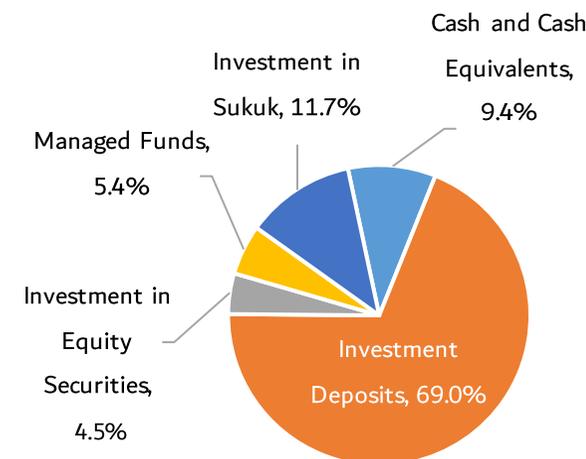
(AED mn)	FY 2019	FY 2020
Investment Deposits	3,048	3,093
Financial Assets Measured at Fair Value and amortized cost	1,026	967
Goodwill	2,879	2,879
Other Intangible Assets	2,090	2,034
Property and Equipment	345	352
Total Assets	9,681	9,901
Total Equity	7,891	7,801

**Strong Balance Sheet with Significant Financial Assets**

### Main Financial Assets\*

(AED mn)	FY 2020
Cash and Cash Equivalents	421
Investment Deposits	3,093
Less than 3 Months	187
Up to 1 Year but More than 3 Months	2,665
More than 1 Year	241
<b>Other Financial Assets Measured at Fair Value – (FVTOCI)</b>	<b>967</b>
Investment in Equity Securities	200
Managed Funds	241
Investment in Sukuk	526
<b>Total</b>	<b>4,480</b>

### Main Financial Assets Breakdown FY 2020\*



### 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.

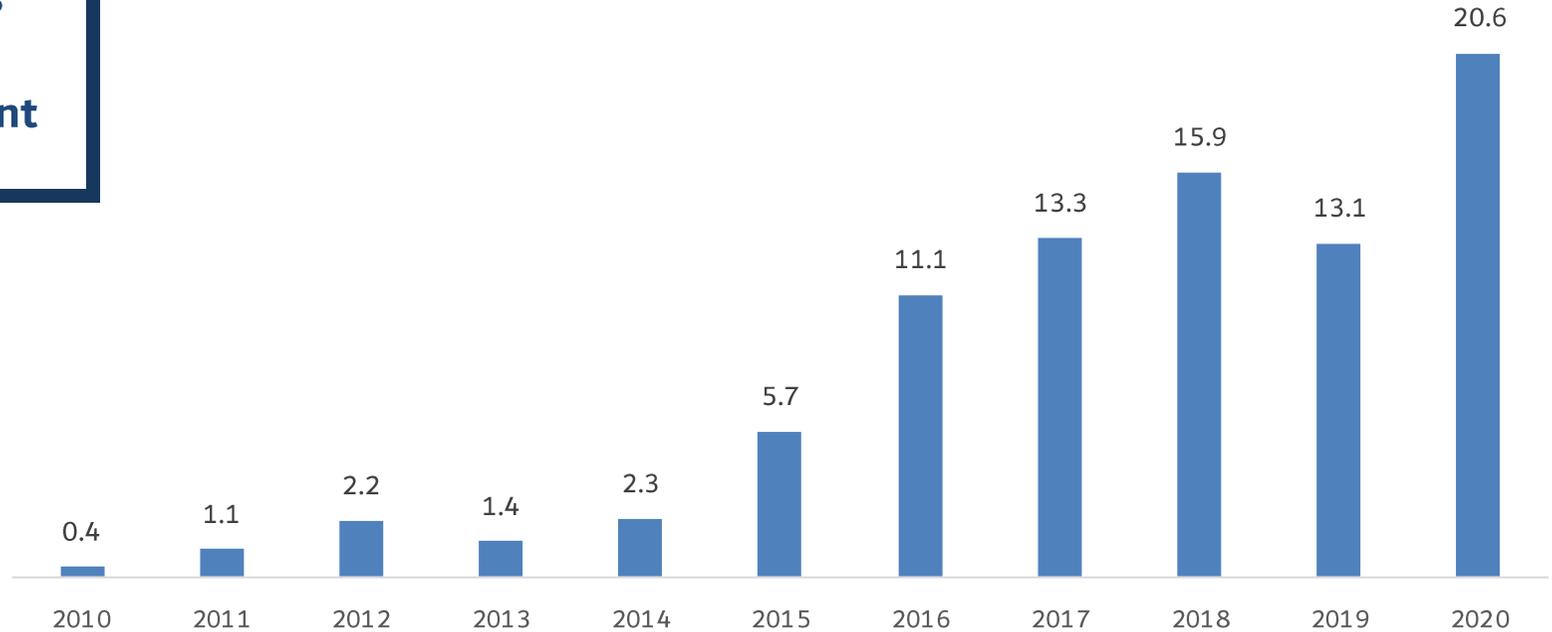
Note: Consolidated financial statements

\*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

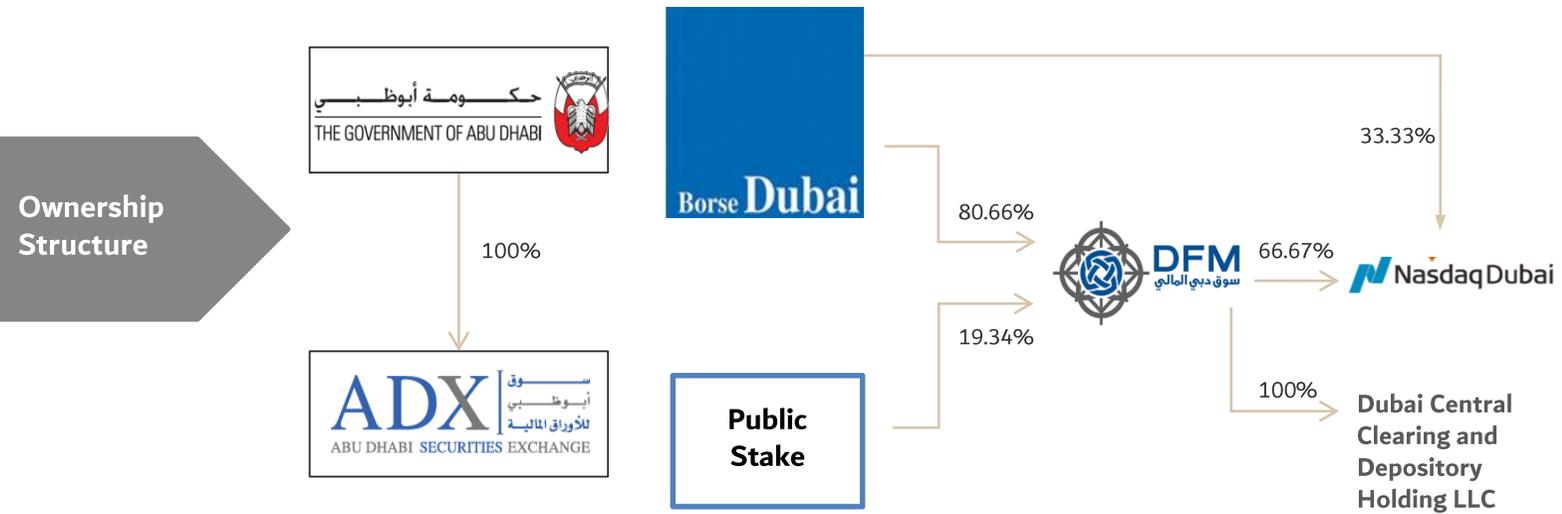
## DFM Consolidated P&L

(AED mn)	FY 2019	FY 2020
Trading Commission Fees	129.1	157.9
Brokerage Fees	18.5	15.5
Clearing, Settlement and Depository Fees	23.0	43.1
Listing and Market Data Fees	9.6	10.2
Other Fees	6.8	5.3
<b>Operating Income</b>	<b>187.0</b>	<b>232.1</b>
Investment Income	140.2	114.9
Other Income	(0.10)	4.9
<b>Total Income</b>	<b>327.1</b>	<b>351.8</b>
Payroll and Other Benefits	(88.7)	(90.1)
Other General & Administrative Expenses	(34.8)	(36.0)
Depreciation*	(21.6)	(23.2)
Amortization of Intangible Assets	(56.5)	(56.5)
Interest Expense	(3.5)	(3.5)
<b>Total Expenses</b>	<b>(205.1)</b>	<b>(209.2)</b>
<b>Net Profit for the Year</b>	<b>122.0</b>	<b>142.6</b>
Attributable to:		
Owners of the Company	120.6	137.9
Non-controlling Interest	1.4	4.7
<b>EPS (AED)</b>	<b>0.015</b>	<b>0.017</b>

Note: Consolidated financial statements, where some figures & percentages in the slide might not totally add up due to rounding.

\* 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.

# Relationship with Nasdaq Dubai & Regulatory Authority



## Updates on Company Law Supporting IPO Market

Requirements	Old	New
Offer Size	<ul style="list-style-type: none"> <li>Not be less than AED 10 million</li> </ul>	<ul style="list-style-type: none"> <li>Not be less than AED 30 million</li> </ul>
Founders Hold	<ul style="list-style-type: none"> <li>Founders hold not less than 20% and not more than 45% of the total authorized Share Capital</li> </ul>	<ul style="list-style-type: none"> <li>Founders hold not less than 30% and not more than 70% of the total authorized Share Capital</li> </ul>
Refund Days	<ul style="list-style-type: none"> <li>Two weeks</li> </ul>	<ul style="list-style-type: none"> <li>5 Days</li> </ul>
Sell Down	<ul style="list-style-type: none"> <li>Not allowed</li> </ul>	<ul style="list-style-type: none"> <li>Max. 30% from the capital</li> </ul>
Subscriptions Period	<ul style="list-style-type: none"> <li>90 Days</li> </ul>	<ul style="list-style-type: none"> <li>30 Days</li> </ul>
Pricing	<ul style="list-style-type: none"> <li>Fixed price only - Book Building allowed by regulatory approval</li> </ul>	<ul style="list-style-type: none"> <li>Book Building is now available for the companies as an another option with fixed price</li> </ul>
Employee Stock Option	<ul style="list-style-type: none"> <li>Not recognized</li> </ul>	<ul style="list-style-type: none"> <li>Allowed</li> </ul>
Foreign Ownership Limit	<ul style="list-style-type: none"> <li>49% maximum foreign ownership with some exceptions can be granted upon ministerial decision</li> </ul>	<ul style="list-style-type: none"> <li>Allows international investors up to 100 percent ownership in a UAE onshore business entity in specific sectors.</li> <li>Established the UAE Foreign Direct Investment Committee ('FDIC') under the FDI Law.</li> </ul>
Agency Law	<ul style="list-style-type: none"> <li>Businesses with branding agencies have to be 100% owned by UAE nationals</li> </ul>	<ul style="list-style-type: none"> <li>Amendment of the agency law was approved by the UAE Government and is under implementation</li> </ul>

Notes:

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



## For additional Investor Relations information:

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