

Earnings Release

16 February 2014

SHUAA Reports Full Year Profit in 2013

- **FY2013 revenues up 44% to AED198m** from AED137m in FY2012
- **FY2013 net profit AED2.8m, up AED62m** from a net loss of AED59m in FY2012
- **All core fee and income generating business divisions were profitable in 2013**
- **FY2013 operating expenses AED174m**, 8% reduction from AED190m in FY2012
- **Total assets of AED1.5bn**, up AED114m on 31 December 2012
- **FY2013 Cost/Income ratio 88%**, down from 138% in FY2012
- **4Q2013 revenues AED64m**, 153% y-o-y increase on AED25m in 4Q2012
- **4Q2013 net profit AED3.8m**, versus net loss of AED21m in 4Q2012

Following the announcement of its preliminary results in January, SHUAA Capital today reports audited financial results which confirm the Firm's return to full year profitability.

All core fee and income generating business divisions were profitable in 2013 and this helped achieve an annual net profit of AED2.8 million, a significant improvement on 2012's net loss of AED59 million. Revenues reached AED198 million, an increase of 44% (2012: AED137 million). This was fuelled by improved activity from Asset Management, Investment Banking, Capital Markets and Lending as well as strong gains from investments in SHUAA's managed funds. Operating expenses were reduced by AED16 million to AED174 million, mainly as a result of further reductions in general and administrative costs.

In 4Q 2013, SHUAA recorded revenues of AED64 million (4Q 2012: AED25 million) and a net profit of AED3.8 million, versus a loss of AED21m in 4Q 2012. This improvement was supported by the AED6 million increase in revenues from the investment banking division and an AED17 million gain made from investments in SHUAA managed funds.

At the year-end 2013, SHUAA had total assets of AED1.5 billion, an increase of AED114 million compared to 31 December 2012. In line with the Company's forecast for 2013 and its strategy to invest its own resources into its Lending business, the Company's cash positioned declined by AED234 million to AED189 million and liabilities increased to AED376 million from AED269 million. Overall, net assets were up fractionally at AED1.1 billion. SHUAA's leverage ratio at year-end 2013 was 0.23.

Commenting on the results HH Sheikh Maktoum Hasher Al Maktoum, Executive Chairman of SHUAA Capital, said:

“2013 was a very significant year for the Company as we successfully completed the turnaround, returned to profitability and strengthened the foundation to grow SHUAA in the years ahead. All our business lines have responded to the positive market environment and emerging market opportunities. We have a well-balanced business which will allow us to benefit from rising equity markets as well as build on our strong position in the SME credit market.

“The current year will see SHUAA step up its drive to increase revenues, including the introduction of new products from our asset management business, and the closing of more investment banking transactions that have been waiting for improved market conditions and increased lending activity. With the deepened management team we are confident all the pieces are in place for SHUAA to perform well and meet its targets.”

Segmental Information

Lending

The Lending division posted a 38% jump in annual revenues to AED104 million (FY2012: AED76 million) as the Company invested capital into building Gulf Finance Corporation and Gulf Installments Company. Net profit for the year was AED3.8 million (FY2012: AED10.4 million) as G&A costs and provisions rose. Under new CEO, David Hunt, the business has been reducing central costs and integrating its back office with that of SHUAA. The result of the streamlining program will be visible in Q1 2014 results.

In January 2013, Gulf Installments Company started operations in Saudi Arabia to provide Sharia-compliant instalment and lease financing with a focus on small and medium sized enterprises. GIC turned profitable in the fourth quarter of 2013 thanks to strong demand from SME businesses wanting to secure funding which is expected to further increase in 2014.

Asset Management

The Asset Management division, which oversees SHUAA’s investment and private equity funds as well as discretionary portfolio mandates, reported full year profits of AED14.1 million (FY2012: AED1.8 million) and revenues of AED21.6 million (FY2012: AED18.0 million). 4Q 2013 posted profits of AED4.9 million (4Q 2012: AED2.1 million) and revenue of AED6.3 million (4Q 2012: AED4.2 million).

The division’s management team has been strengthened with the appointment of Amer Khan as Senior Executive Officer, having joined as a senior member of the investment management team in 2008.

As of 31 December 2013, the Emirates Gateway Fund and the Arab Gateway Fund, two of SHUAA’s flagship funds, had returned 87.4% and 38.8% respectively, beating

their respective benchmarks for the second consecutive year. Client assets under management have grown from AED 688 million to AED 968 million during 2013.

SHUAA was awarded two awards during 2013: “Best Asset Manager in the UAE” for the fourth consecutive year by *EMEA Finance* and “UAE Equity Fund of the Year” for the Emirates Gateway Fund for the third consecutive year by *MENA Fund Manager*.

Investment Banking

The Investment Banking team recorded AED3.8 million in full year profits (FY2012: loss of AED4.5 million) with gross revenues touching AED11.8 million (FY2012: AED4.5 million); and in 4Q 2013, profits of AED3.8 million (4Q 2012: loss of AED1.2 million) and revenues of AED6.7 million (4Q 2012: AED0.25 million).

In December 2013, Karim Schoeib was appointed CEO of Investment Banking, which includes Corporate Finance Advisory and Capital Markets. Mr. Schoeib has worked with the firm since 2005 and has led a number of transactions including IPOs and private placement transactions in various sectors in the UAE as well as a number of cross border M&A transactions between the United Arab Emirates, Saudi Arabia, Qatar and Kuwait.

Capital Markets

Capital Markets posted a full year profit of AED2.6 million (FY2012: AED3 million). The reduction in profit was due to the higher G&A costs as a result of the investment in the sales and trading desk. The Abu Dhabi Securities Exchange and Dubai Financial Market were both recognised as top 5 best performing global stock exchanges, helping the team to post strong revenues of AED8.6 million (FY2012: AED6.7 million).

Trading income was up eleven-fold and fees and commissions earned were also up over the year. 4Q 2013 profits and revenues were AED0.52 million (4Q 2012: AED0.50 million) and AED2.0 million (4Q 2012: AED1.6 million) respectively.

Brokerage

The Brokerage division closed during the first half of 2013. However, certain G&A costs and reversals in provisions made the division book full year profits of AED4.8 million (FY2012: loss of AED0.6 million).

Credit

The Credit division posted a net loss of AED7.1 million (FY2012: loss of AED3.5 million) from expenses. No revenue was booked for the year. SHUAA confirms that the former CIO and CEO of the Credit Division has left the company. The Credit Asset Management activities will be amalgamated into the Asset Management division and Credit Advisory will fall under Investment Banking.

Corporate

The Corporate division posted revenues of AED52 million a strong rise on 2012 of AED25 million. The full year loss of AED19.0 million narrowed significantly from loss

of AED65.7 million in 2012. In 4Q 2013, the division recorded revenues of AED18.5 million (4Q 2012: loss of AED1.2 million) and a net loss of AED2.7 million (4Q 2012: loss of AED20.5 million).

Cautionary Statement Regarding Forward-Looking Information:

This document contains forward-looking statements. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Forward-looking statements can be identified by words such as: "anticipate," "aspire," "intend," "plan," "goal," "objective," "seek," "believe," "project," "estimate," "expect," "forecast," "strategy," "target," "trend," "future," "likely," "may," "should," "will" and similar references to future periods.

Examples of forward-looking statements include, among others, statements we make regarding:

- *Expected operating results, such as revenue growth and earnings.*
- *Anticipated levels of expenditures and uses of capital*
- *Current or future volatility in the capital and credit markets and future market conditions.*

Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following: Our ability to maintain adequate revenue levels and cost control; economic and financial conditions in the global markets and regional markets in which we operate, including volatility in interest rates, commodity and equity prices and the value of assets; the implementation of our strategic initiatives, including our ability to effectively manage the redeployment of our balance sheet and the expansion of our strategic businesses; the reliability of our risk management policies, procedures and methods; continued volatility in the capital or credit markets; geopolitical events; developments and changes in laws and regulations, including increased regulation of the financial services industry through legislative action and revised rules and standards applied by our regulators.

Any forward-looking statement made by us in this document and presentation is based only on information currently available to us and speaks only as of the date on which it is made. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. We undertake no obligation to publicly update any forward-looking statement whether as a result of new information, future developments or otherwise.

SHUAA Capital psc ('SHUAA') offers client-centric, fully integrated financial services. SHUAA, headquartered in Dubai, United Arab Emirates, services corporate and institutional clients as well as family businesses and high-net-worth-individuals with expertise in the areas of asset management, investment banking advisory services, capital markets and credit. SHUAA was established in 1979 by Emiri decree No. 6. SHUAA is a public shareholding company, regulated as a financial investment company by the UAE Central Bank, and its stocks are listed on the Dubai Financial Market. www.shuaa.com

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