

Earnings Release

12 February 2015

SHUAA Reports AED 213m Revenues and AED 25.8m Profit in 2014

- **FY2014 net profit AED25.8m**, up AED23m from AED2.8m in FY2013
- **FY2014 revenues increase to AED213m** from AED198m in FY2013
- **Business Units increased revenues by 29%**
- **Lending posts eight-fold increase in net profit to AED33.4 m** from AED3.8 m FY2013
- **FY2014 operating expenses AED165m**, 5% reduction from AED174m in FY2013
- **Total assets of AED1.6bn**, up AED117m from 31 December 2013
- **FY2014 Cost/Income ratio 77%**, down from 88% in FY2013

SHUAA Capital today reports revenues of AED 213 million and a net profit of AED 25.8 million for the full year 2014.

Recurring revenues from core fee and income generating business divisions helped the Company improve its net profit by AED 23 million compared to the AED 2.8 million recorded in 2013. Revenues increased to AED 213 million compared to AED 198 million recorded in 2013. The result was driven by strong gains recorded in the Asset Management, Investment Banking and SME Lending divisions.

Operating expenses dropped to AED 165 million from AED 174 million in 2013 as rigorous cost control measures were maintained and further reductions in general and administrative costs were recorded.

SHUAA's balance sheet was further strengthened as total assets increased by AED 117 million to AED 1.6 billion at the end of the year. Throughout 2014 SHUAA has seen a continued improvement in balance sheet structure, and the Company maintains a strong liquidity position, ending the year with a cash position of AED 365 million compared to AED 189 million at the end of 2013.

Liabilities increased to AED 459 million from AED 376 million as a new partially used syndicated loan facility of AED 500 million was secured in 4Q 2014. Overall, SHUAA's net assets were up at AED 1.1 billion while the leverage ratio at year-end 2014 stood at 0.29x compared to 0.23x at the end of 2013.

Revenues for 4Q 2014 were AED 25 million (4Q 2013: AED 64 million) and a net loss of AED 14.8 million (4Q 2013: net profit of AED 3.8 million) was recorded for the same period. This was due to the high volatility in the stock market during the fourth quarter.

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

“During 2014 our Investment Banking division worked on a number of public and private transactions, the funds in our Asset Management unit outperformed the market, we saw continued expansion of our Capital Markets division and solid growth in our SME lending business. At the same time diligent cost control measures remained a top strategic priority.

“We have had a steady start to 2015 and despite market volatility we remain confident that the business will continue to build on the earnings momentum generated in recent quarters. I would like to thank shareholders for their support as we have positioned the Company for the future. I look forward to supporting the new management team as they take the Company on to the next stage of its growth.”

Segmental Information

Lending

SHUAA’s SME lending division, consisting of Gulf Finance and Gulf Finance Saudi Arabia, recorded annual revenues of AED 131 million representing a 26% increase from AED 104 million in 2013, and an eight-fold increase in net profit to AED 33.4 million (FY2013: AED 3.8 million).

In Q4 2014, a AED 500 million syndicated loan facility was successfully secured with ADCB as lead arranger. The funds will be used to provide growth financing to SMEs in the UAE as well as in Saudi Arabia.

In addition to this, Gulf Finance Saudi Arabia also secured a new operating license from the Saudi Arabian Monetary Agency (SAMA) converting it from an instalment company to a newly regulated finance company under the new Finance Companies Control Law.

During 2014 both Gulf Finance and Gulf Finance Saudi Arabia continued to see strong growth in demand for their SME lending products. In Q3 2014 Gulf Finance expanded its presence in the UAE with the opening of a new office in Abu Dhabi’s Mussafah area.

At year-end the size of the loan portfolio for Gulf Finance was AED 700 million, down from AED 713 million at the end of 2013. The reduction of the loan portfolio was the result of a successful strategy aimed at settling large ticket loans early in order to reduce concentration risk, improve diversification and generate higher interest rate income, in combination with the introduction of more prudent write off procedures.

Asset Management

SHUAA's Asset Management division, which manages investment and private equity funds as well as discretionary portfolio mandates, reported full year profits of AED 20.7 million (FY2013: AED 14.1 million) while revenues increased to AED 26.4 million (FY2013: AED 21.6 million).

SHUAA's flagship funds, the Emirates Gateway Fund and the Arab Gateway Fund, held firm throughout the year despite a difficult and volatile trading environment and recorded returns of +16.4% and +2.7% respectively as of 31 December 2014. Both funds outperformed their benchmarks, the EGF by +12.0% and the AGF by +4.1%, as MENA markets registered declines over the same period and the UAE markets closed marginally higher. Further, the division's Discretionary Portfolio Business also registered strong gains with MENA conventional strategies posting gains of up to +17.4% versus benchmark declines of -1.4% over the same period. Client assets under management grew to AED 853 million from AED 796 million during 2013.

Investment Banking

SHUAA's Investment Banking team reported full year profits of AED 11.8 million, a strong increase from the previous year (FY2013: AED 3.8 million). Revenues reached AED 18.9 million (FY2013: AED 11.8 million).

Throughout 2014, the Investment Banking team worked on a number of public and private transactions including the US\$ 200 million Emirates REIT IPO in Q2 2014 and the Amanat IPO which closed in Q4 2014. The current pipeline remains strong with a balance of public and private deals which ensure that the team remains well positioned regardless of whether the market remains conducive towards issuers or not.

Capital Markets

Full year revenues for the Capital Markets division increased to AED 12.3 million (FY2013: AED 8.8 million) while a profit of AED 5.7 million was posted for the same period (FY2013: AED 7.3 million). The reduction in profit was due to lower provision reversals compared to 2013.

Corporate

The Corporate division posted revenues of AED 24 million (FY2013: AED 52 million) and a full year loss of AED 45.7 million compared to a loss of AED 26.1 million in 2013. The operating expenses of the corporate division were reduced by AED 9.9 million, however higher losses were incurred due to a lower return on investments compared to 2013.

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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.

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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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