

Earnings Release

13 February 2016

SHUAA Capital Reports Financial Results for Full Year 2015

- **58% increase in Q4 revenues at AED 40.1 million (Q4 2014: AED 25.4 million)**
- **Full year revenues at AED 178.2 million (2014: AED 213.4 million)**
- **SME Lending records 21% increase in annual revenues although hit by provisions**
- **Total assets remain stable at AED 1.6 billion**
- **Consistent cost control measures result in further 9% reduction in annual general expenses**
- **Expect 2016 growth in Asset Management and Gulf Finance Saudi Arabia**

SHUAA Capital today reports results for the full year and final quarter of 2015. Revenues for the full year stood at AED 178.2 million (2014: AED 213.4 million), and the company posted an overall loss of AED 190.3 million (2014: profit of AED 25.8 million).

For the fourth quarter of 2015, the company reported revenues of AED 40.1 million, representing a 58% increase compared to AED 25.4 million in Q4 2014, and a loss of AED 161.8 million (Q4 2014: loss of AED 14.8 million).

“The difficult market conditions driven by the decline in oil prices, global economic instability and continued political uncertainty in the region witnessed during the course of 2015 created a challenging operating environment for SHUAA’s business units, particularly in the second half of the year” commented Abdul Rahman Hareb Rashed Al Hareb, Chairman of SHUAA Capital. “We have during the course of 2015 closely monitored market developments and reassessed our positioning accordingly, and we are currently working on a number of initiatives that we are confident will enhance SHUAA’s performance in 2016.”

The majority of the loss recorded in 2015 is attributable to Gulf Finance, the SME Lending business, which set aside provisions of AED 154.6 million against bad loans. Despite this, the business increased full year revenues by 21% to AED 159.7 million (2014: AED 131.5 million) and continues to see strong demand for its financing products, particularly in the Saudi Arabia division, where SMEs have historically experienced difficulty in accessing growth finance.

Despite volatile market conditions in 2015, SHUAA maintained a solid balance sheet and total assets at year-end stood at AED 1.6 billion (2014: AED1.6 billion). The Group’s liquidity position remains strong with AED 263 million in cash. Liabilities increased to AED 639 million from AED 459 million in 2014, principally due to

additional financing support for the SME lending business. As of 31 December 2015, net assets stood at AED961 million while the leverage ratio was 0.47 at year-end.

Rigorous cost control measures continue to be a strategic priority. Operating expenses remained stable at AED 164.3 million (2014: AED 165.1 million) while general and administrative expenses for the year reduced by 9%.

Mr. Al Hareb added: “Looking ahead, some of the key growth areas we see in 2016 include our Asset Management division, which has performed well in 2015 despite challenging markets and has a number of new product launches in the pipeline; SHUAA Capital Saudi Arabia which has entered into a partnership with Jumeirah Group and is nearing completion of two of its principle hotel projects in the Kingdom; and continued growth of Gulf Finance, both in the UAE and in Saudi Arabia, where we see significant opportunity for the business and continued strong demand for our financing products.”

Segmental Performance

Asset Management

Asset Management reported full year revenues of AED 15.8 million (2014: AED 26.4 million) and a profit of AED 10.3 million (2014: AED 20.7 million). The division, which recently received an award for Best UAE Equity Fund 2015 from MENA Fund Manager for the fifth consecutive year, and named Best Regional Asset Manager for 2015 by Banker Middle East is currently working on a number of new products that are expected to launch in the coming six months.

SHUAA’s flagship funds, the Emirates Gateway Fund and the Arab Gateway Fund, recorded annual returns of -5.7% and -10.5% respectively, outperforming their benchmarks by 11.3% and 6.6%. As of 31 December 2015, client assets under management remained stable at AED 856 million (AED 853 million in 2014).

SHUAA Capital Saudi Arabia (SCSA), which acts as a fund manager and investment manager focusing primarily on the real estate and hospitality sectors in Saudi Arabia, reported progress on two of its three hotel projects in the Kingdom which are nearing completion. In Q4, the division also announced the forming of a strategic partnership with the Jumeirah Group to jointly explore opportunities in Saudi Arabia in order to develop hospitality projects to be operated under the Jumeirah brand.

Since the launch of SCSA in 2008, the division has developed an expertise in acquiring and developing prime land and real estate in areas with strong long-term growth prospects and supply-constrained market dynamics. SCSA currently has a number of projects in the pipeline which will materialize during the course of 2016.

Lending

Gulf Finance UAE and Gulf Finance Saudi Arabia reported a 21% increase in revenue to AED 159.7 million (2014: AED 131.5 million), and an overall loss of AED 119.9 million (2014: profit of AED 33.4 million) for the full year 2015.

The loss is primarily due to the setting aside of provisions against bad loans seen in the UAE's SME market, particularly during the second half of 2015. Despite this market volatility, Gulf Finance remains committed to servicing the SME sector and has succeeded in cautiously growing the business during the course of the year. Demand for SME financing products in the UAE remains robust. The business will continue to closely monitor developments in the SME sector and adjust its growth strategy thereafter.

Gulf Finance Saudi Arabia, which offers Sharia compliant financing solutions to SMEs in the Kingdom, has continued to see stable growth fuelled by strong demand from the Saudi SME market. The business also successfully secured an operating license from the Saudi Arabian Monetary Agency (SAMA) which allows it to operate as a regulated finance company under the new Finance Companies Control Law. The business also recently appointed a new Chairman and is planning to open new offices in Jeddah, Riyadh and Dammam in 2016.

At year end, the size of the Gulf Finance UAE and Gulf Finance Saudi Arabia loan portfolios were AED 925 million and AED 193 million respectively, compared to AED 735 million and AED 119 million in 2014. Gulf Finance maintains a well-diversified exposure to sectors such as manufacturing, trade, healthcare, transport and logistics.

Investment Banking

SHUAA's Investment Banking division reported full year revenues of AED 7.1 million (2014: AED 18.9 million) and a loss of AED 1.9 million (2014: profit of AED 11.8 million).

In 2015, the division experienced some setbacks in line with local market trends. Nevertheless, during 2015, the division successfully closed the Cayan Real Estate Development Fund I, a real estate development fund managed by SHUAA Capital to finance the development of the Cayan Cantara project, a AED1 billion real estate project in Al Barsha South in Dubai. The Investment Banking team also worked on a number of advisory and placement mandates, and recently signed an MOU with Dubai SME to continue to provide advisory support to SMEs in Dubai. At the onset of 2016, the Investment Banking division maintains a strong pipeline with a balance of public and private deals. It was recently appointed by UAE based maritime and shipping company 'Gulf Navigation' to advise on the issuance of a Mandatory Convertible Bond. SHUAA is also in the midst of a few sell-side advisory transactions within the hospitality, healthcare and retail sector.

Capital Markets

Full year revenues for Capital Markets division reduced to AED 6.2 million (2014: AED 12.3 million) and an overall loss of AED 5.6 million (2014: profit of AED 5.7 million) was posted. The result was due to poor market performance and low trading volumes in comparison to 2014 which created a challenging operating environment for the division. Despite this, a number of strategic hires were made during the course of 2015, and the team is currently planning new product launches in the first half of 2016.

Corporate

The Corporate division posted full year revenues of AED 1.3 million (2014: AED 4.4 million) before losses on investments in SHUAA managed funds of AED 12.0 million (2014: gains of AED 19.9 million). Overall the division recorded a loss of AED 73.1 million (2014: AED 45.7 million).

The division's cost containment strategy helped further reduce operating expenses by 36% to AED46.8 million (2014: AED 72.8 million), thus improving business efficiency.

---ENDS---

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

For further information please contact the Public Relations agency:

Brunswick Gulf
+971 4 446 6270
shuaa@brunswickgroup.com

Or contact SHUAA Capital's Corporate Communications department at:

+971 4 3651 872
ccdesk@SHUAA.com
www.SHUAA.com