

SHUAA Capital announces strategy for 2020 and audited FY 2019 results

- SHUAA reported FY 2019 net profit of AED 47 million and EBITDA of AED 186 million including merger costs
- 2019 annual results demonstrated immediate positive outcome of the successful integration with ADFG
- As result of the merger, SHUAA is expecting to realize AED 50 million annual synergies by Q2 2021
- SHUAA is embarking on a strategy that focuses on building permanent capital vehicles, driving product innovation and penetration, and exploiting operational leverage

United Arab Emirates, 17 March 2020: SHUAA Capital psc (DFM: SHUAA), the leading asset management and investment banking platform in the region created by the merger of SHUAA Capital and Abu Dhabi Financial Group (ADFG), secured board approval of the company strategy for 2020 and the audited financial statements for the fiscal year ending 31 December 2019.

SHUAA's audited annual results for 2019 highlighted the company's solid financial performance and ability to sustain revenues and capitalize on growth opportunities, despite the focus on merger and integration activity as well as challenging market conditions and geopolitical uncertainty. The company reported an EBITDA of AED 186 million and a net profit to shareholders of SHUAA Capital of AED 47 million by 31 December 2019.

The consolidated financial results for 2019 showed the immediate positive outcome of the merger between the two entities (ADFG and SHUAA), with the company expecting to realize merger synergies amounting to a run rate of AED 50 million per annum by Q2 2021.

Sustainable and ongoing growth

Following the creation of a financial powerhouse, SHUAA's key focus in 2019 was to strengthen its position as a leading regional asset management and investment banking platform.

The company's asset management business maintained its growth trajectory, with assets under management reaching US\$ 14 billion in 2019, up 15% year-on-year. Furthermore, SHUAA's investment banking business continued to be one of the most active in the region. The company played a key role in the regional Sukuk (Shari'a-compliant bond) market as a mandate lead arranger for over US\$ 500 million of Sukuk issuances and provided strategic advisory services to an extended client base.

The company also achieved a 28% reduction in non-core assets in 2019 mainly through the sale of its brokerage arm (SHUAA Securities) and exit of equities market-making business for a total deal value of c. AED 100 million.

Medium-term strategy put in place

Backed by a profitable year and strong fundamentals for sustainable growth, the company has set clear goals for 2020, supported by its board of directors: accelerating growth through further integration and synergies between the two combined entities, as well as strengthening SHUAA's profitability through recurring revenues.

Growth, diversification and scale

With these goals in place, SHUAA is pursuing the following strategies in 2020:

- a) To access new revenue pools by expanding our investment banking franchise, growing our asset management business and enlarging our regional footprint resulting in the strengthening and expansion of our core businesses.
- b) To increase recurring income by engineering new products, growing both permanent capital vehicles and our fixed income platform resulting in a diversified product and service offering across our core businesses.
- c) To increase profitability and strengthen control by digitizing the company, optimizing our balance sheet structure, and increasing operational efficiency.

SHUAA intends this strategy to maintain its growth trajectory in the medium to longer term and deliver long-term value for its shareholders while increasing assets under management to US\$ 20 billion.

Fadhel Alali, Chairman of SHUAA Capital psc, said: *"I am proud of what our leading entity achieved in 2019, and I thank our board of directors and distinguished shareholders for their trust and continued support. We successfully completed a transformational merger, adding another historical milestone to the rich legacy of SHUAA and setting a benchmark for 2020 and onward. While operating under a new vision and strategy, we have confidence in the management capability to deliver. Full integration will enable us to leverage SHUAA's asset management and investment banking capabilities and realize our ambitious growth targets for 2020 and beyond."*

Jassim Alseddiqi, Chief Executive Officer of SHUAA Capital psc, said: *"This well-defined strategy sets the foundation for significant and sustainable growth, despite market challenges resulting from COVID-19 and falling oil prices. We have always been pioneers in exploring and creating profitable opportunities amid challenging times. Our strategic plans, ambition and talent will enable us to strengthen our position as a leading regional investment manager, achieve regional dominance in investment banking and solidify our innovation leadership. Our track record of creating value for our clients, employees and shareholders makes us confident in our ability to maintain profitability and achieve our medium-term growth targets. We thank our board for their faith in us as we continue to deliver long-term value for shareholders."*

The strategy announcement coincided with board approval of SHUAA's audited results for the fiscal year ending 31 December 2019.

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About SHUAA Capital psc

SHUAA Capital psc (DFM: SHUAA) is a leading asset management and investment banking platform, with c. US\$14 billion in assets under management and with offices throughout the Middle East and the United Kingdom. It was created through the merger in August 2019 of Abu Dhabi Financial Group (ADFG) and SHUAA Capital. SHUAA Capital psc is recognized for its strong track record and pioneering approach to investing through a differentiated, innovative and global product offering focused on public and private markets, debt and real estate.

The asset management segment, one of the region's largest, manages real estate funds and projects, investment portfolios and funds in the regional equities, fixed income and credit markets; it also provides investment solutions to clients, with a focus on alternative investment strategies. The investment banking segment, mandated to lead several sukuk issuances for a total of more than US\$500 million in the past 12 months, provides corporate finance advisory, transaction services, private placement, public offerings of equity and debt securities, and structured products, while also creating market liquidity on OTC fixed income products. The firm is regulated as a financial investment company by the Emirates Securities and Commodities Authority.

To learn more about SHUAA Capital, please visit:

- Website: www.shuuaa.com
- Twitter: https://twitter.com/SHUAA_Capital
- LinkedIn: <https://www.linkedin.com/company/shuuaa-capital>

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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