

SHUAA Capital records AED 267 million net profit for Q2 2020 and achieves higher profitability during the first half of 2020 compared with first half of 2019

- *H1-2020 net profit of AED 5 million and EBITDA of AED 125 million*
- *H1-2020 net profit of AED 164 million and EBITDA of AED 284 million excluding unrealized mark-to-market losses on portfolio investments*
- *Higher profitability during the first half of 2020 compared with first half of 2019*
- *19% growth in operating income quarter-on-quarter to reach AED 86 million in Q2-2020*
- *Continued progress on merger integration with 48% of AED 55 million target synergies achieved*
- *Legacy assets reduced by 38% since July 2019, releasing significant cash inflows*
- *AuM at USD 13.0 billion in Q2-20 vs USD 12.8 billion in Q1-20*
- *SHUAA continues to execute on its strategic agenda announcing long-term ambitions: RoE >15%, cost-income-ratio¹⁾ <60% and leverage ratio <60%*

United Arab Emirates, 12 August 2020: SHUAA Capital psc (DFM: SHUAA), the leading asset management and investment banking platform in the region, announced today its financial results for the first six months of the year 2020 (H1-2020) realizing a net profit attributable to shareholders of AED 5 million and an EBITDA of AED 125 million. Excluding unrealized mark-to-market losses on portfolio investments, H1-2020 net profit came in at AED 164 million and EBITDA at AED 284 million.

SHUAA's first half financial results for 2020 affirmed the company's ability to sustain its resilient revenue growth amidst severe global economic, financial and social impacts of the COVID-19 crisis and other market disruptions.

Weathering severe market conditions

The company reported an operating income of AED 86 million in Q2-2020, up by 19% quarter-on-quarter, as the Group continues to progress on improving the breadth and quality of its revenues. SHUAA has maintained disciplined working capital management while working closely with portfolio companies to ensure appropriate funding, as well as protecting client assets through the crisis.

The company's operating businesses, asset management and investment banking, showed a strong sequential recovery in profitability in Q2-20 with EBITDA of AED 41 million and AED 8 million respectively.

SHUAA's asset management business maintained its solid base, with assets under management standing at USD 13.0 billion at the end of Q2-2020 compared to USD 12.8 billion in the first quarter of 2020, furthering the company's ongoing plan to increase its stable and recurring revenue streams through permanent capital vehicles.

SHUAA's investment banking business continues to increase its focus on capital raising and restructuring mandates while continuing to build on the success of its fixed income trading desk.

During H1 the team acted as lead or co-lead arranger on transactions successfully raising over USD 500 million while executing fixed income flow in excess of USD 1.5 billion (20% year-on-year growth).

The investment bank's model remains resilient despite periods of crisis and uncertainty and is actively involved in capital restructuring and raising mandates in excess of USD 2 billion.

Realizing integration benefits

With post-merger systems and organizational integration on track, SHUAA's H1-2020 showed additional benefits of the transformational merger between the two entities (ADFG and SHUAA). SHUAA realized 48% of its increased targeted AED 55 million (AED 50 million previously) synergies to be achieved by end 2021.

Additionally, the company managed to downsize its non-strategic assets, achieving a 38% reduction in its non-core asset unit (NCU) since July 2019 to date, and releasing in excess of AED 128 million of cash through exits.

Executing on strategic agenda

Despite the headwinds from COVID-19, SHUAA is re-confirming its strategic agenda of strengthening its position as a leading regional asset management and investment banking platform. SHUAA's strategy centers around three levers:

1. Strengthen and grow core businesses to access new revenue pools by
 - growing the asset management business
 - expanding the investment banking franchise
2. Diversify products and services to increase recurring income by
 - growing the fixed income platform
 - growing permanent capital vehicles
 - engineering innovative products
3. Scale the platform and operate more efficiently to increase profitability and strengthen control by
 - increasing operational efficiency
 - optimizing the balance sheet structure
 - digitizing the organization

Commenting on SHUAA's H1-2020 results, Jassim Alseddiqi, Chief Executive Officer of SHUAA Capital, said: *"In this unprecedented time, our first priority was and still is the health and safety of our employees. I am very proud of how our team has responded, by seamlessly transitioning to remote working and by continuing to put our investors and clients at the heart of what we do.*

We managed to remain profitable in the first six months of 2020 on the back of the dedication and commitment of our employees to continue on our strategic agenda. Whilst COVID-19 as well as the economic and geopolitical challenges will continue to impact overall business and market activity for some time, our business model is calibrated around seizing opportunities across economic cycles,

geographies and products. Our pipeline of investment banking mandates has strengthened, and the launch of scalable new investment funds has commenced. We stay firm on our promise to deliver value for our clients and shareholders."

On the back of solid execution, SHUAA is looking forward to exploring new opportunities to maintain its profitability and achieve targeted, long-term sustainable growth in returns and size of assets under management in the interest of all its shareholders.

Note ¹⁾: Addressable cost base is defined as operating expenses less carry, bonus accruals, and provisions for impairment losses

Ends

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About SHUAA Capital psc

SHUAA Capital psc (DFM: SHUAA) is a leading asset management and investment banking platform, with USD 13 billion in assets under management and with offices throughout the Middle East and the United Kingdom. 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 USD 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.shuaa.com
- Twitter: https://twitter.com/SHUAA_Capital
- LinkedIn: <https://www.linkedin.com/company/shuaa-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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