

Earnings Release

15 May 2019

SHUAA Capital progressing with potential combination with ADFG; releases Q1 2019 earnings

- Combination with major shareholder ADFG progressing through final stages, followed by regulatory and shareholder approvals
- Q1 reported revenues increase 67% quarter-on-quarter to AED 55.4 million
- Net loss in quarter of AED 24.9 million on the back of legacy provisions and one-off items

SHUAA Capital confirms it is progressing with its potential transaction with ADFG through a strategic investment structure where-in the combined entity will continue to operate as a publicly listed company. The Company is going through final stages before regulatory and shareholder approvals will be sought.

SHUAA Capital today announces its Q1 2019 financial results, with revenues increasing to AED 55.4 million (Q1 2018: AED 33.2 million). The Company however reported a AED 24.9 million net loss (Q1 2018: profit AED 11.7 million) on the back of certain one-off provisions and a change in accounting standards.

Fawad Tariq-Khan, Chief Executive of SHUAA Capital, said: "The first quarter for SHUAA reflects mixed results of the business. Our core operating businesses of investment banking, capital markets and asset management continued to grow in profitability, while certain one-off provisions and higher financing costs dragged our overall results into a loss. That said, our continued growth in our core operations continues our strategy of solidifying our recurring revenue base taking us towards sustained long-term profitability."

The quarter saw SHUAA's Capital Markets division registering profits worth AED 2.7 million (Q1 2018: loss AED 1.7 million), with the Investment Banking division registering AED 1.1 million in profits (Q1 2018: loss AED 0.6 million). Asset Management recorded AED 3.1 million of losses (Q1 2018: profit AED 4.1 million) driven by a one-off impairment of AED 4.2 million in its business following a change in revenue recognition standards for performance fees. The Lending division recorded AED 4.4 million in losses (Q1 2018: profit 2.2 million), while Corporate reported a loss of AED 21.2 million (Q1 2018: profit AED 7.7 million) due to provisions relating to its legacy investment in an Abraaj-controlled fund and higher financing costs.

As of March 31, 2019, SHUAA's balance sheet and total assets was AED 2.2 billion (December 31, 2018: AED 2.1 billion). The Group's liquidity position was strong with AED 572.7 million in cash and net assets of AED 790.2 million attributable to the shareholders.

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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.

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.

About SHUAA Capital psc: Established in 1979, and often considered to be the most recognized financial advisory and investment firm in the Middle East, **SHUAA Capital psc** ('SHUAA') is an integrated financial services firm headquartered in the United Arab Emirates. The firm services corporate and institutional clients, governments, family businesses and high-net-worth-individuals with expertise in the areas of Asset Management, Investment Banking, Capital Markets and Credit. SHUAA is a public shareholding company with its shares listed on the Dubai Financial Market. The firm is regulated as a financial investment company by the UAE Central Bank and the Emirates Securities and Commodities Authority.

The firm owns and operates subsidiaries based in the Kingdom of Saudi Arabia and the Arab Republic of Egypt. They are SHUAA Capital - Saudi Arabia which operates as a real estate asset and investment manager, Gulf Finance Saudi Arabia its Shari'ah-compliant lending arm, and SHUAA Securities – Egypt, the newest addition to the Group, specializing in brokerage services for institutional, corporate and retail clients with seamless access to regional markets. www.shuaa.com

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