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SHUAA Capital – FY 2020 Earnings Call – DFM Brief

SHUAA Capital psc's ("SHUAA") FY 2020 Earnings Call was held on Thursday 11th March 2020 at 4:30pm and was presented by members of SHUAA Capital's senior management:

- Jassim Alseddiqi, Chief Executive Officer
- Joachim Mueller, Chief Financial and Risk Officer

During the call, SHUAA's full-year 2020 financial performance was reviewed. An update on SHUAA's strategic agenda, integration progress and several key growth initiatives, particularly with regards to SHUAA's recent activity was also provided.

Attendees were encouraged to go to the investor relations section of SHUAA's website (www.shuaa.com), where the presentation material and financial statements which were discussed during the call are available.

Summary of the Presentation

The below is a summary of the key points discussed throughout the presentation and provides an overview of the slides that were discussed and included in the presentation.

Resilience in light of a challenging year

- Net income attributable to shareholders at AED 125 million for FY 2020, AED 62 million for Q4 2020 with third consecutive quarter of profitability despite COVID-19
- EBITDA of AED 349 million for 2020 (up 89% year-on-year), AED 110 million for Q4 2020 (down 20% year-on-year)
- Positive effects from landmark transaction and valuation effects in portfolio investments, more than offset mark-to-market losses and other valuation adjustments
- Total assets of AED 6.0 billion 2020 vs AED 5.5 billion 2019

Despite substantial valuation adjustments

- AED 74 million mark-downs of non-core unit (NCU) assets in FY 2020, of which AED 57 million in Q4 2020 will help accelerate wind down given lack of investor appetite at current BV levels
- AED 114 million mark-downs on investments and portfolios across the group in FY 2020
- AED 101 million net mark-to-market gains on portfolio assets including associates

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Continued progress on executing against strategic agenda

- AuM at record level of USD 14.1 billion at end 2020 vs. USD 13.9 billion at end 2019 despite mark-to-market losses
- 4 new funds launched under new platform to support build-up of permanent capital vehicles
- USD 685 million of debt capital market transactions supported by the investment banking unit in FY 2020
- NCU net assets at AED 136 million at end 2020 vs. AED 306 million at end 2019 and on track to close before target date
- Successful completion of 2020 funding plan, USD 150 million high yield bond issuance (first in the MENA region since COVID-19), continued focus on de-leveraging
- Further strengthened governance, processes and systems

After the conclusion of the presentation, the call was opened to participants to ask questions directly to senior management. These questions ranged from SHUAA-specific questions around SHUAA's strategic agenda, business segments, financial performance and overall growth plans and initiatives which the management team answered.

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.