

Dubai Financial Market (DFM)

Current Price AED 1.66	Target Price AED 1.90	Upside/Downside (%) +15%	Rating BUY
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4Q25 Net Profit is broadly in line with our estimate

- Dubai Financial Market's operating income increased 12.5% YOY to AED 121 Mn in 4Q25, due to strong growth in clearing settlement & depository fees.
- The Company's clearing settlement & depository fees grew from AED 5 Mn in 4Q24 to AED 19 Mn in 4Q25, while other fees rose from AED 2 Mn in 4Q24 to AED 3 Mn in 4Q25.
- Investment income increased 14.6% YOY to AED 56 Mn in 4Q25, while other income decreased from AED 0.5 Mn in 4Q24 to AED 0.1 Mn in 4Q25.
- DFM also recorded a finance income of AED 5 Mn in 4Q25 compared to nil in 4Q24 on account of the unwinding of the discount on the 24-month receivable. Thus, total income rose 8.0% YOY to AED 186 Mn in 4Q25.
- G&A expenses increased marginally by 0.3% YOY to AED 47 Mn in 4Q25, while amortization of intangible assets remained flat at AED 14 Mn in 4Q25 compared to 4Q24. However, Cost-to-income ratio improved 265 bps YOY to 33.1% in 4Q25.
- The net profit increased 16.2% YOY to AED 118 Mn in 4Q25 driven by rise in Investment income and lower tax expenses. The net profit margin also increased 310 bps YOY to 97.2% in 4Q25.
- Total financial assets and investments accounted for the largest portion of total assets, increasing from AED 5.9 Bn in 3Q25 to AED 6.1 Bn in 4Q25.
- The Company's total liabilities decreased 8.8% QOQ to AED 2.4 Bn in 4Q25, coupled with a decrease in payables & accrued expenses partially offset by an increase in corporate tax liability.
- Net cash generated from operations improved from negative AED 186 Mn in 4Q24 to negative AED 53 Mn in 4Q25 due to lower investment in working capital, partially mitigated by higher cash generated from operations.

Earnings Call Summary

- DFM's 2025 consolidated revenue increased from AED 632 Mn in 2024 to AED 1,279 Mn in 2025, driven by higher trading activity, investment income, and gains from property sales. The revenue mix, excluding property gains, comprised 49% trading fees, 34% investment income, and 16% other fees.
- The Company recorded finance income of AED 10 Mn in 2025 compared to nil in 2024, driven mainly by investment income and trading fees. In 2026, the Company is focusing on further monetization through increased trading activity, IPO participation, and new retail services.
- Total operating expenses remained broadly stable in 2025, reflecting continued investment in technology while maintaining cost discipline.
- Net profit before tax rose to AED 1,055 Mn in 2025 from AED 409 Mn in 2024, including one-off transaction gains, while 4Q25 profit before tax increased to AED 124 Mn from AED 111 Mn in 4Q24.
- DFM's investment portfolio is prudently managed, with 90% allocated to the UAE and 10% to the GCC. It is mainly allocated to investment deposits of 65.9%, followed by equity securities of 17.9%, sukuk of 12.7%, and cash, cash equivalents, and legacy management funds of 2.9%.
- The Company's investment deposits are generating annual returns of 4% to 5.5% in 2025, slightly lower than 4.5–5.6% in 2024, due to rate cuts over the past year. Thus, local investments are carrying fixed returns averaging 4.6% and maturities of 2–10 years.

- The launch of Dubai Residential REIT, the region's first and largest publicly listed residential leasing REIT, was a key milestone for the Company, attracting AED 56 Bn in demand and achieving 26x oversubscription.
- The secondary public offering of Emirates Integrated Telecommunication Company (Du) increased market free float and significantly improved liquidity, with average daily trading volume (ADTV) rising from 7 Mn prior to mid-September to 22 Mn shares by year end 2025.
- Similarly, Alec Holding's IPO, the largest construction sector listing in UAE history, attracted over AED 30 Bn in demand and was 21x oversubscribed. These transactions align with DFM's strategy of diversified listings that reflect Dubai's GDP composition and economic structure.
- The implementation of Green Card initiatives in 2025, supported higher market liquidity and institutional participation.
- Investor engagement was driven by new listings, improved liquidity, enhanced market accessibility, and asset class diversification, particularly the launch of a mega residential REIT offering accessible exposure to Dubai real estate.
- DFM's IPO pipeline remains healthy, supported by strong market conditions, Dubai's robust macroeconomic environment, and continued inflows of regional and international investors.
- DFM remains committed to strengthening Dubai's capital markets and delivering long-term value to stakeholders.
- Strategic priorities include deepening liquidity, broadening the investment base, and fostering a more diverse issuer ecosystem, while monitoring opportunities for global index inclusion to attract institutional investors.

DFM – P&L

AED Mn	4Q24	3Q25	4Q25A	4Q25F	Var.	YOY Ch	QOQ Ch
Operating income	108	143	121	134	-9.6%	12.5%	-15.5%
Total Income	172	204	186	203	-8.6%	8.0%	-9.1%
Operating expenses	-61	-51	-61	-62	-1.5%	NM	20.9%
Tax	-10	-14	-7	-17	-59.9%	-28.5%	-48.8%
Profit for the period	101	136	118	122	-3.7%	16.2%	-13.7%

FABS estimate & Co Data

Research Rating Methodology:

Rating	Upside/Downside potential
BUY	Higher than +15%
ACCUMULATE	Between +10% to +15%
HOLD	Lower than +10% to -5%
REDUCE	Between -5% to -15%
SELL	Lower than -15%

FAB Securities Contacts:

Research Analyst

Ahmad Banihani +971-2-6161629 ahmad.banihani@Bankfab.com

Sales & Execution

Abu Dhabi Head Office

Trading Desk +971-2-6161700/1 Online Trading Link

+971-2-6161777

Institutional Desk +971-4-4245765

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