Dubai Financial Market PJSC (DFM)

Robust growth in trading activity and a higher take rate boosted the bottom line

Current Price	Target Price	Upside/Downside (%)	Rating
AED 1.54	AED 1.80	+17%	BUY

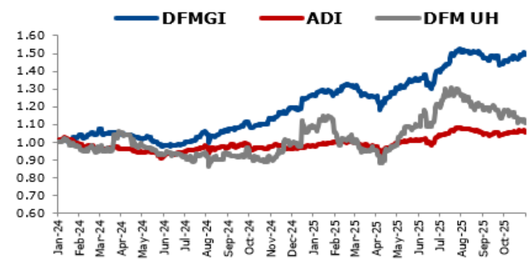
- DFM's earnings from trading commission fees rose from AED 46 Mn in 3Q24 to AED 113 Mn in 3Q25, driven by strong trading activities and higher value traded.
- Added 82,742 new investors in 9M25, with 84% being from foreign investors.
- Average daily traded value (ADTV) rose 83% YOY to AED 709 Mn in 9M25.
- The average daily trade grew 48% YTD to 13,600 trades per day.
- The DFM General Index (DFMGI) rose 13.2% YTD, supported by strong domestic fundamentals and increasing global investor appetite for high-growth markets.

3Q25 Net Profit is in line with our estimate

Dubai Financial Market PJSC ("DFM/the Company") experienced a significant growth in net profit of 44.9% YOY to AED 136 Mn in 3Q25, in line with our estimate of AED 133 Mn. The rise in net profit is primarily driven by an increase in trading commission fees, finance income, broker fees, listing & market data fees, partially offset by a decline in clearing settlement & depository fees, coupled with an increase in tax expenses and a higher share of profit attributed to NCI in 3Q25.

P&L Highlights

Dubai Financial Market's operating income increased significantly 56.4% YOY to AED 143 Mn in 3Q25, attributed to a substantial growth in trading commission fees owing to a strong growth in traded value. DFM's trading commission fees rose from AED 46 Mn in 3Q24 to AED 113 Mn in 3Q25, due to strong growth in traded value. Total trading value nearly doubled from AED 25 Bn in 3Q24 to AED 48 Bn in 3Q25. Additionally, income from broker fees marginally increased 2.1% YOY to AED 3 Mn in 2Q25. Furthermore, the Company's clearing settlement and depository fees reduced 42.1% YOY to AED 22 Mn in 3Q25. While, listing & market data fees grew 16.3% YOY to AED 3 Mn in 3Q25, other fees decreased 20.9% YOY to AED 2 Mn in 3Q25. The Company's investment income declined marginally 1.6% YOY to AED 55 Mn in 3Q25. Whereas, dividend income stood at AED 1 Mn in 3Q25. The company recorded a finance income of AED 5 Mn in 3Q25, compared to nil in 3Q24 is mainly related to the unwinding of the discount on the 24-month receivable related to the sale of a plot of land executed in 2Q25. Resultantly, total income rose 32.2% YOY to AED 204 Mn in 3Q25. G&A expenses decreased marginally 0.9% YOY to AED 36 Mn in 3Q25, while amortization of intangible assets remained stable at AED 14 Mn in 3Q25. Tax expenses rose significantly 47.6% YOY to AED 14 Mn in 3Q25 in line with the growth in profit before tax.



Stock Information	
Market Cap (AED, Mn)	12,400.00
Paid Up Capital (Mn)	8,000.00
52 Week High	1.84
52 Week Low	1.16
3M Avg. daily value (AED)	3,406,289

3Q25 Result Review (AED, Mn)	
Total Assets	11,907
Total Liabilities	2,577
Total Equity	9,330
Total Income	204
Net Profit	136

Financial Ratios	
Dividend Yield (12m)	2.06
Dividend Pay-out (%)	0.00
Price-Earnings Ratio(x)	13.05
Price-to-Book Ratio (x)	1.33
Book Value (AED)	1.16
Return on Equity (%)	10.80

Stock Performance	
5 Days	-0.64%
1 Months	-4.91%
3 Months	-11.93%
6 Months	8.39%
1 Year	23.02%
Month to Date (MTD%)	0.65%
Quarter to Date (QTD%)	-3.73%
Year to Date (YTD%)	3.33%

Balance Sheet Highlights

DFM's total assets stood stable at AED 11.9 Bn in 3Q25. Meanwhile, total financial assets and investments accounted for the largest portion of total assets, increasing from AED 5.8 Bn in 2Q25 to AED 5.9 Bn in 3Q25. The receivable from investment property stood at AED 630.0 Mn in 3Q25. Furthermore, the Company's total liabilities decreased 6.7% YOY to AED 2.6 Mn in 3Q25, coupled with a decrease in payables & accrued expenses and corporate tax liability. The Company's net cash generated from operations declined from AED 131 Mn in 3Q24 to AED 21 Mn in 3Q25 due to investment in working capital, partially mitigated by higher cash generated from operations.

Target Price and Rating

We revise our rating from HOLD to BUY with a target price of AED 1.80. The Company's share price has corrected 11.0% since our last rating. DFM recorded strong growth in net profit in 3Q25, driven by an increase in traded value and take rate. Total trading value nearly doubled from AED 25.0 Bn in 3Q24 to AED 48.0 Bn in 3Q25, which reflects deepening liquidity, higher institutional participation, and increased cross-border engagement with Dubai's capital markets, supported by the Emirate's resilient economic fundamentals and growing international investor base. The retail activity surged due to the digital transformation strategy undertaken in 2021-22. This has also resulted in onboarding time reduced from a few days to seven minutes, fully integrated with brokers. By the end of September 2025, DFM welcomed 82,742 new investors in 9M25, of which 84% were foreign, maintaining its total investor base to over 1.2 Mn. Foreign investors accounted for 51% of total trading value, while institutional investors represented 70%, reaffirming DFM's appeal as a hub for international capital. Foreign ownership remained robust at 20% of total market capitalisation, demonstrating sustained confidence in Dubai's markets. DU's secondary share sale marked the first ever fully marketed secondary public offering of shares in the UAE. The transaction witnessed strong investor demand, driven by robust participation from both retail and institutional investors, across domestic and international markets. Additionally, ALEC Holding's widely participated initial public offering (IPO) in September 2025 underscores the continued diversification of sectors coming to market. The growing variety of companies preparing to list reflects DFM's role in broadening market representation and reinforcing Dubai's position as a dynamic hub for issuers across industries. DFM's total market capitalization stood at AED 995 Bn, reflecting a well-balanced and diversified sectoral composition. Financials accounted for approximately 42% of total market value, followed by Real Estate at 19%, Utilities at 16%, and Industrials at 12%. We anticipate DFM to declare a dividend of 9.8 fils per share, equivalent to a dividend yield of 6.4% in FY2025. Thus, based on our analysis, we revise our rating to BUY.

DFM - Relative valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
PE (x)	89.9	119.4	84.2	37.6	32.9	12.6
PB (x)	1.6	1.6	1.6	1.5	1.4	1.3
EV/EBITDA	53.3	67.1	53.6	30.1	26.9	80.3
BVPS	0.976	0.996	0.994	1.025	1.071	1.175
EPS	0.017	0.013	0.018	0.041	0.047	0.123
DPS	0.000	0.030	0.017	0.035	0.032	0.098
Dividend yield (%)	0.0%	1.9%	1.1%	2.3%	2.1%	6.4%

FABS Estimates & Co Data

DFM – P&L

(AED MM)	3Q24	2Q25	3Q25	3Q25F	Var.	YOY Ch	QOQ Ch	2024	2025F	Change
Trading commission fees	46	124	113	96	17.4%	NM	-8.3%	232	428	84.5%
Brokers fees	3	3	3	3	-5.4%	2.1%	0.2%	12	13	5.0%
Clearing settlement & depository fee	37	36	22	39	-44.9%	-42.1%	-39.2%	82	86	5.0%
Listing & market data fees	3	3	3	3	-6.9%	16.3%	4.8%	11	14	25.0%
Other fees	3	15	2	4	-47.3%	-20.9%	-86.8%	16	24	50.0%
Operating income	**92**	**181**	**143**	**146**	**-2.1%**	**56.4%**	**-20.7%**	**353**	**565**	**59.9%**
Investment income	56	57	55	52	6.2%	-1.6%	-2.8%	216	220	1.8%
Other income	0	0	0	0	NM	-78.2%	-123.7%	1	0	NM
Dividend Income	1	2	1	4	-67.7%	75.2%	-27.0%	44	62	40.8%
Finance income	0	1	5	0	NM	NM	NM	0	10	NM
Gain on sale of investment property	0	462	0	0	NM	NM	NM	0	462	NM
Total Income	**155**	**702**	**204**	**203**	**0.8%**	**32.2%**	**-70.9%**	**632**	**1,318**	**108.4%**
General & administration expenses	-37	-46	-36	-43	-14.4%	-0.9%	-20.5%	-165	-175	5.9%
Amortisation of intangible assets	-14	-14	-14	-14	0.0%	0.0%	0.0%	-56	-56	0.0%
Interest Expense	0	0	0	0	NM	-33.7%	-0.4%	-1	0	NM
Total Operating Expenses	**-51**	**-60**	**-51**	**-57**	**-10.4%**	**-0.9%**	**-15.6%**	**-223**	**-231**	**3.8%**
Tax	-9	-58	-14	-13	3.5%	47.6%	-76.4%	-33	-98	196.6%
NCI	0	0	4	0	NM	NM	NM	0	5	NM
Net Profit	**94**	**585**	**136**	**133**	**2.6%**	**44.9%**	**-76.7%**	**377**	**983**	**161.0%**

FABS estimate & Co Data

Margins

	3Q24	2Q25	3Q25	YOY Ch	QOQ Ch	2024	2025F	YOY Ch.
Operating Margin	59.2%	25.7%	70.0%	1,081	4,431	55.8%	42.8%	-1,299
Net Profit	102.8%	323.9%	95.2%	-752	NM	106.7%	174.2%	6,750

FABS estimate & Co Data

Key Developments

- **09 May 2025** – Dubai Financial Market PJSC announced that it had entered into a binding agreement for the divestment of a portion of its non-core investment assets as part of its ongoing portfolio optimization strategy. The Company has entered into a sale agreement with Creek Views Real Estate Development LLC to sell a plot of land in the Business Bay area in Dubai, measuring 10,232.90 square meters for consideration of AED 826.7 Mn. The payment will be received in scheduled instalments of AED 165.3 Mn due within five days of the transaction, accompanied by AED 248 after 12 months, and the remaining AED 413.3 Mn after 24 Months or on earlier completion.

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Valuation:

We use Discounted Free Cash Flow (DCF) and Relative Valuation (RV) to value DFM. We have assigned 70% weight to DCF and 30% to RV.

Valuation Method	Target	Weight	Weighted Value
DCF Method	1.70	70.0%	1.19
Relative Valuation (RV)	2.05	30.0%	0.61
Weighted Average Valuation (AED)			**1.80**
Current market price (AED)			1.54
Upside/Downside (%)			+17%

1) DCF Method:

DFM is valued using free cash flow to equity since the Company is debt-free. We have discounted the cash flow using the cost of equity of 8.6%. The cost of equity is calculated using a 10-year government bond yield of 5.1%, a beta of 0.75, and an equity risk premium of 4.8%. Government bond yield is calculated after adding Dubai's 10-year spread over a 10-year US risk-free rate. During 2Q25, DFM completed the sale of a land parcel located on Sheikh Zayed Road in Business Bay, Dubai, UAE, for a total consideration of AED 827 million. The land parcel was earlier reserved for DFM's headquarters. The proceeds from the land parcel will be received in a staggered payment structure with AED 165 Mn received on the transaction date, AED 248 Mn after 12 months, and the remaining AED 413 Mn after 24 months. We have included the present value of investment property receivable in the DCF valuation.

Sum of PV (AED, Mn)	3,597
Terminal value (AED, Mn)	9,347
FV to Common shareholders (AED, Mn)	**13,570**
No. of share (Mn)	7,996
Current Market Price (AED)	1.54
Fair Value per share (AED)	**1.70**

DCF Method

(All Figures in AED Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
Net Income	559	591	621	648	673	701
(+) D&A	72	73	75	76	78	79
Working Capital	145	280	307	84	92	90
(-) Capex	-17	-18	-19	-20	-22	-23
Free Cash Flow to Equity (FCFE)	**759**	**926**	**984**	**789**	**821**	**847**
Discounting Factor	*0.99*	*0.91*	*0.84*	*0.77*	*0.71*	*0.65*
Discounted FCFE	**187[1]**	**842**	**823**	**608**	**583**	**554**

Source: FAB Securities, [1]Adjusted for partial year

2) Relative Valuation:

We have used regional as well as global peers to value DFM, which is valued using the P/E multiple. It is valued at a P/E multiple of 27.0x, close to its regional peer. Adjusted net profit is used to value DFM using P/E multiple. We have excluded one-time gains when arriving at the value using PE multiple.

Company	Market	EV/EBITDA (x)		P/E (x)	
	(USD Mn)	2025F	2026F	2025F	2026F
BSE Ltd	11,353	53.7	37.7	71.3	49.9
NASDAQ Inc	48,911	19.2	17.8	25.0	22.7
Singapore Exchange Limited	13,862	20.3	19.6	27.9	27.0
Hong Kong Exchanges	70,343	12.6	12.2	33.3	32.4
Deutsche Borse	46,708	13.4	12.8	20.2	19.2
London Stock exchange	64,184	12.7	11.9	23.1	21.0
Saudi Tadawul Group Holdings	6,367	42.3	32.2	56.9	39.1
Average		**24.9x**	**20.6x**	**36.8x**	**30.2x**
Median		**19.2x**	**17.8x**	**27.9x**	**27.0x**
Max (Quartile 3)		**31.3x**	**25.9x**	**45.1x**	**35.8x**
Min (Quartile 1)		**13.0x**	**12.5x**	**24.1x**	**21.8x**

Source: FAB Securities

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%

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