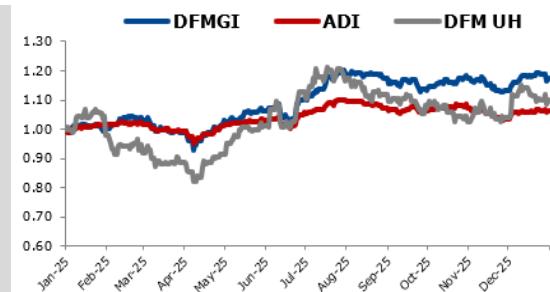


Dubai Financial Market (DFM)

Higher trading volumes coupled with investments boosted profits

Current Price AED 1.65	Target Price AED 1.90	Upside/Downside (%) +15%	Rating BUY
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- Average value traded rose 63% YOY to AED 174 Bn in 2025, supported by higher institutional participation and sustained growth in cross-border trading activity.
- Added 97,394 new investors in 2025, with 84% comprising foreign investors, reflecting strong international participation.
- Average daily traded value (ADTV) reached AED 692 Mn in 2025 compared to AED 423 Mn in 2024, supported by higher liquidity and institutional activity.
- Average daily number of trades increased 31% YOY in 2025.
- The DFM General Index (DFMGI) rose 17.2% YOY, supported by greater institutional participation and continued growth in cross-border trading activity.



4Q25 Net Profit is in line with our estimate

Dubai Financial Market PJSC ("DFM/the Company") reported strong net profit growth of 16.2% YOY, reaching AED 118 Mn in 4Q25, broadly in line with our estimate of AED 122 Mn. The increase in net profit was primarily driven by higher clearing settlement & depository fees, investment income, other fees, and broker fees, coupled with lower tax expenses, partially offset by lower listing & market data fees, and trading commission fees.

P&L Highlights

Dubai Financial Market's operating income increased 12.5% YOY to AED 121 Mn in 4Q25, attributed to strong growth in clearing settlement & depository fees. DFM's clearing settlement & depository fees grew from AED 5 Mn in 4Q24 to AED 19 Mn in 4Q25. Income from brokers fees increased 3.7% YOY to AED 3 Mn in 4Q25, while other fees rose from AED 2 Mn in 4Q24 to AED 3 Mn in 4Q25. Revenue from trading commission fees declined marginally by 1.3% YOY to AED 93 Mn despite higher value traded. Total traded value amounted to AED 41 Bn in 4Q25 compared to AED 34 Bn in 4Q24. The Company's 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. Furthermore, dividend income stood flat at AED 3 Mn in 4Q25 compared to 4Q24. Thus, total income rose 8.0% YOY to AED 186 Mn in 4Q25. On the expense side, 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. Cost-to-income ratio improved 265 bps YOY to 33.1% in 4Q25. Tax expenses decreased by 28.5% YOY to AED 7 Mn in 4Q25.

Stock Information	
Market Cap (AED, Mn)	13,360.00
Paid Up Capital (Mn)	8,000.00
52 Week High	1.84
52 Week Low	1.16
3M Avg. daily value (AED)	5,751,386

4Q25 Result Review (AED, Mn)	
Total Assets	11,806
Total Liabilities	2,350
Total Equity	9,455
Total Income	186
Net Profit	118

Financial Ratios	
Dividend Yield (12m)	1.93
Dividend Pay-out (%)	0.00
Price-Earnings Ratio(x)	13.82
Price-to-Book Ratio (x)	1.42
Book Value (AED)	1.18
Return on Equity (%)	10.74

Stock Performance	
5 Days	-4.02%
1 Months	2.45%
3 Months	6.37%
6 Months	-5.65%
1 Year	6.37%
Month to Date (MTD%)	1.21%
Quarter to Date (QTD%)	1.21%
Year to Date (YTD%)	1.21%

Balance Sheet Highlights

DFM's total assets declined marginally from AED 11.9 Bn in 3Q25 to AED 11.8 Bn in 4Q25. Meanwhile, 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. Furthermore, 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. The Company's 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.

Target Price and Rating

We maintain our BUY rating with a revised target price of AED 1.90. The Company's share price rose 7.8% since our last rating. DFM recorded strong growth in net profit in 2025, supported by higher traded value, increased investment income, and one-off gains from the sale of an investment property. Trading activity remained robust, with average daily traded value at AED 692 Mn and total traded value reaching AED 174 Bn in 2025, driven by stronger institutional participation and sustained growth in cross-border trading. During 2025, DFM welcomed 97,394 new investors, of which 84% were foreign, bringing the total investor base to over 1.25 Mn by December 2025. Foreign investors accounted for 51% of total traded value, while institutional investors represented 71% of trading activity, underscoring DFM's appeal as a trusted destination for regional and international capital. The DFM General Index increased by 17.2% YOY in 2025. Total market capitalization stood at AED 992 Bn, reflecting a well-balanced and diversified sectoral composition. During 2025, DFM enhanced market functionality through the launch of a centralized Securities Lending and Borrowing (SLB) framework, enabling improved liquidity and more sophisticated trading strategies. DFM remained a resilient platform for capital formation in 2025, executing several high-profile transactions that enhanced liquidity and sectoral diversity. DFM maintains a robust investment book, with liquid assets of AED 6.2 Bn in 2025, equivalent to AED 0.78 per share at the end of 2025. This is further supported by secured receivables of AED 248 Mn due within 12 months and AED 413 Mn due within 24 months, arising from the sale of prime land on Sheikh Zayed Road in Business Bay, Dubai, providing clear visibility on near to medium term cash inflows. Additionally, the Company welcomed three high-profile IPOs of Dubai Residential REIT, Emirates Integrated Telecommunications, and ALEC Holdings, further strengthening market depth and investor participation. Together, these deals broadened DFM's footprint across real estate, telecoms, and construction, reinforcing its role in diversified capital raising. Looking ahead, DFM remains focused on enhancing liquidity, expanding products, and deepening international linkages, supported by a strong balance sheet and a diversified investor base. Thus, based on our analysis, we maintain our BUY rating.

DFM - Relative valuation

	2021	2022	2023	2024	2025	2026F
(at CMP)						
PE (x)	127.8	90.2	40.3	35.2	13.7	21.7
PB (x)	1.7	1.7	1.6	1.5	1.4	1.4
EV/EBITDA	71.9	57.6	32.3	26.9	11.7	17.9
BVPS	0.996	0.994	1.025	1.071	1.183	1.162
EPS	0.013	0.018	0.041	0.047	0.121	0.076
DPS	0.030	0.017	0.035	0.032	0.065	0.069
Dividend yield (%)	1.8%	1.0%	2.1%	1.9%	3.9%	4.2%

FABS Estimates & Co Data

DFM – P&L

(AED Mn)	4Q24	3Q25	4Q25	4Q25F	Var.	YOY Ch	QOQ Ch	2024	2025	Change
Trading commission fees	94	113	93	99	-6.0%	-1.3%	-18.1%	232	403	73.6%
Brokers fees	3	3	3	4	-15.0%	3.7%	-0.2%	12	12	0.5%
Clearing settlement & depository fee	5	22	19	24	-21.5%	NM	-13.1%	82	81	-1.3%
Listing & market data fees	3	3	3	3	-11.4%	-9.2%	-5.9%	11	12	6.6%
Other fees	2	2	3	4	-19.8%	71.5%	69.9%	16	23	44.7%
Operating income	108	143	121	134	-9.6%	12.5%	-15.5%	353	531	50.3%
Investment income	49	55	56	54	3.2%	14.6%	0.8%	216	221	2.6%
Other income	1	0	0	0	-62.5%	-73.4%	NM	1	0	NM
Dividend Income	3	1	3	10	-69.1%	NM	NM	44	55	25.0%
Finance income		5	5	4	7.3%	NM	1.3%	0	10	NM
Gain on sale of investment property		0	0	0	NM	NM	NM	0	462	NM
Total Income	172	204	186	203	-8.6%	8.0%	-9.1%	632	1,279	102.3%
General & administration expenses	-47	-36	-47	-49	-3.7%	0.3%	29.2%	-165	-167	0.9%
Amortisation of intangible assets	-14	-14	-14	-14	0.0%	0.0%	0.0%	-56	-56	0.0%
Interest Expense	0	0	0	1	NM	NM	NM	-1	-1	NM
Total Operating Expenses	-61	-51	-61	-62	-1.5%	0.0%	20.9%	-223	-224	0.5%
Tax	-10	-14	-7	-17	-59.9%	-28.5%	-48.8%	-33	-86	161.1%
NCI	0	4	0	1	NM	NM	-106.7%	0	3	NM
Net Profit	101	136	118	122	-3.7%	16.2%	-13.7%	377	966	156.4%

FABS estimate & Co Data

Margins

	4Q24	3Q25	4Q25	YOY Ch	QOQ Ch	2024	2025	YOY Ch.
Operating Margin	62.5%	70.0%	65.2%	261	-487	55.8%	41.5%	-1,435
Net Profit	94.1%	95.2%	97.2%	310	196	106.7%	182.0%	7,528

FABS estimate & Co Data

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	1.80	70.0%	1.26
Relative Valuation (RV)	2.12	30.0%	0.64
Weighted Average Valuation (AED)			1.90
Current market price (AED)			1.65
Upside/Downside (%)			+15.0%

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 8.4%. The cost of equity is calculated using a 10-year government bond yield of 4.3%, a beta of 0.75, and an equity risk premium of 4.4%. Government bond yield is calculated after adding Dubai's 10-year spread over a 10-year US risk-free rate.

Sum of PV (AED, Mn)	3,895
Terminal value (AED, Mn)	10,517
FV to Common shareholders (AED, Mn)	14,412
No. of shares (Mn)	7,996
Current Market Price (AED)	1.65
Fair Value per share (AED)	1.80

DCF Method

(All Figures in AED Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
Net Income	602	633	671	700	730
(+) D&A	74	74	75	77	78
Working Capital	360	536	103	104	105
(-) Capex	-11	-12	-13	-18	-19
Free Cash Flow to Equity (FCFE)	1,024	1,232	836	863	894
Discounting Factor	0.93	0.86	0.79	0.73	0.67
Discounted FCFE	951	1,055	660	629	601

Source: FAB Securities, ¹Adjusted for partial year

2) Relative Valuation:

We have used regional as well as global peers to value DFM, which is valued using the PE multiple. It is valued at a PE multiple of 27.8x, close to its regional peer.

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2026F	2027F	2026F	2027F
BSE Ltd	11,353	38.2	32.5	52.0	44.7
NASDAQ Inc	48,911	19.6	18.1	25.6	23.0
Singapore Exchange Limited	13,862	20.3	19.0	27.8	25.7
Hong Kong Exchanges	70,343	11.2	10.4	31.8	29.6
Deutsche Borse	46,708	12.1	11.4	17.9	16.6
London Stock exchange	64,184	10.4	9.6	18.2	16.5
Saudi Tadawul Group Holdings	6,367	28.0	24.3	35.8	28.5
Average		20.0x	17.9x	29.9x	26.4x
Median		19.6x	18.1x	27.8x	25.7x
Max (Quartile 3)		24.2x	21.7x	33.8x	29.1x
Min (Quartile 1)		11.6x	10.9x	21.9x	19.8x

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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