MULTIPLY
GROUP

INVESTORS' UPDATE

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OUR UPDATES

Multiply Group Reports Net Profit Excluding Fair Value Gains (losses) of AED 266 million for Q1 2023, a 241% Growth Compared to the Same Period Last Year

Multiply Group published its results for the financial quarter ending 31 March 2023. The Group reported a net profit excluding fair value gains (losses) of AED 266 million, a 241% growth compared to the same period last year. The Group generated AED 303 million of dividends from its public market portfolio. Notably, revenue from our operating business reached AED 269 million during Q1, an 11.6% growth year-on-year with over 50% gross margin. This reflects the Group's continued focus on building its verticals.

Fair Value Losses of AED 265 million were incurred in Q1. It is imperative to note that these fair value changes are largely unrealised, and the short-term movements do not impact the Group's long-term view of these assets. From a total invested amount of AED 12.6 billion, the Group's current public market portfolio stands at over AED 33 billion, a 166% appreciation. Multiply Group's investment portfolio is a key part of its asset base, and it has been an important growth driver.

Samia Bouazza, Group Chief Executive Officer and Managing Director, commented:

"As we release our first earnings report for 2023, we continue to build a leadership position across our portfolio companies, with aggressive pursuit of organic growth. Notably, we have begun the year growing our Media and Communications vertical with the aim of consolidating country wide assets in the out-of-home media space.

Our results this quarter are the sum of robust earnings from our operating businesses as well as cash dividends from our investments, and of the loss we have recorded on our public portfolio.

The Group's net profit excluding fair value gains/ losses, reached overAED 266 million, a 241% growth year-on-year. I am confident that the stability and growth demonstrated by these businesses, and our focused acquisition strategy leave us well positioned to accelerate our growth plans over the coming quarters.

We have had significant gains from our public portfolio since 2022. While that has substantially boosted our balance sheet, the gains are largely unrealised, and so is the AED 265 million fair value loss this quarter. Our net income for Q1 is AED 0.51 million.

During Q1, the Group generated AED 303 million of dividends from its public market portfolio. This is a key value driver amid the ongoing market volatility and uncertainty surrounding the global macros.

Over the next 12 to 18 months, we remain largely fixated on building our verticals and growing our operating businesses and recurring income. We have access to over AED 1.2 billion in cash and over AED 6 billion in financing capacity and are on the lookout for good deals globally.

Finally, Multiply+ remains our opportunistic investment arm, which is especially useful considering the prevalent market dislocations. This will be a key factor in accruing free cash flow and growing our earnings per share."

Multiply Group sees more value accretive acquisition opportunities emerge globally across its operating verticals and investment arm. The Group has a strong cash flow position with over AED 1.2 billion, very healthy debt to equity and debt to assets parameters, and access to over AED 6 billion in financing capacity. In parallel, across operating businesses several measures including tech infusion, bolt-on acquisitions are being lined-up to enhance organic growth. Multiply Group is well-positioned and focused on generating a more robust and sustainable earnings per share growth.

Multiply Group signs binding commitment to acquire 55% stake in Media 247

In April, Multiply Group has signed a binding commitment to acquire a 55 per cent majority stake in Media 247, one of the leading UAE outdoor advertising companies, for approximately AED 184 million. The investment in Media 247 falls under the buy and build vertical strategy of acquiring profitable companies, creating portfolio-wide synergies, investing in bolt-on acquisitions, augmenting scalability and enhancing their margins.

Media 247 assets include over 45 exclusive outdoor premium hoardings, unipoles and 3D structures spread across Dubai's most strategic locations. Media 247 also provides transit media solutions such as vehicle wraps across Dubai's largest taxi fleet, RTA's red top taxis, and Dubai's RTA airport taxis.

Commenting on this deal, Jawad Hassan, Head of Media and Communications vertical at Multiply Group, said: "Our commitment to invest in Media 247 reflects our focus on the growth of Multiply Group's Media and Communications vertical and the consolidation of assets in the out-of-home media space. Media 247 is a well-established out-of-home media company that shares our philosophy of growth. Together, we will be focusing on growing the company both organically and inorganically. With its excellent inventory across Dubai, we are confident that we can leverage our combined expertise and resources to identify acquisitions, creating a stronger and more competitive business."

Read more Link.

Multiply Group Plants 5000 Mangrove Trees in the UAE

In line with the UAE pledge to plant 100 million mangroves by 2030 and as part of our sustainability commitment, Multiply Group announced the plantation of 5000 mangrove trees in the UAE.

The Mangrove forests are a natural feature of Abu Dhabi's beautiful coastline and store around four times more carbon than other terrestrial forests, helping to fight the effects of climate change.

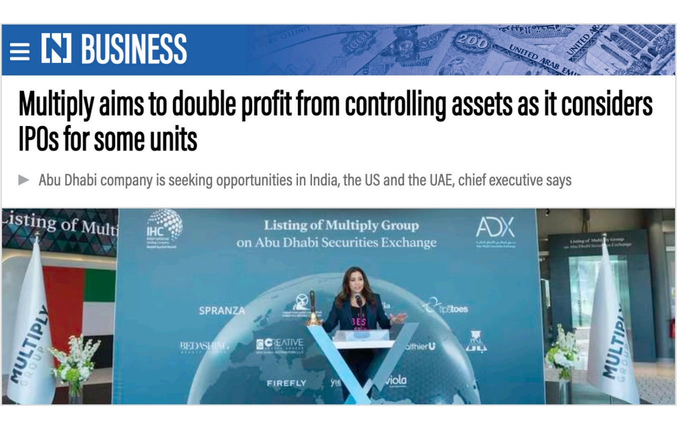
MEDIA

Multiply aims to double profit from controlling assets as it considers IPOs for some units

Abu Dhabi's Multiply Group aims to double its net profit this year from companies where it has a controlling stake, excluding fair value gains or losses, as it explores the possibility of listing some divisions, its chief executive said.

The technology-focused investment holding company's net profit excluding fair value losses in the first quarter reached Dh266 million ($72.4 million), marking a 241 per cent annual growth, it said in a statement on Tuesday to the Abu Dhabi Securities Exchange, where its shares are traded.

Read the full article here: Link



SUBSIDIARIES' NEWS

Viola Communications arranged and managed the International Ethical Standards Board for Accountants (IESBA)

Viola Communications successfully arranged and managed a five-day event for their client ADAA, which hosted the International Ethical Standards Board for Accountants (IESBA). The event's theme, "Building the Ethical Foundations for Sustainability," aligned well with the UAE's "Year of Sustainability" initiative and attracted numerous international members of the prestigious organization, which was held for the first time in the Middle East.

Watch highlights of the event: Link

Jazz Lounge Spa expands in Dubai

Jazz Lounge Spa opened it's 9th branch in Port de la Mer, Dubai. Operating under Multiply Group's subsidiary Omorfia Group, the Jazz Lounge Spa offers various grooming and personal care treatments for men and aims to be a modern man's ultimate destination for spa treatments.

For more information about Jazz Lounge Spa: Link.

Omorfia Group's Tips & Toes Ramadan Campaign, "Painted Dreams"

Tips & Toes launched a Ramadan campaign named "Painted Dreams", in collaboration with the Dubai Center for Special Needs, with a focus on giving back to the community. Made by the talented students of the organisation, TNT was selling these limited-edition, hand-painted coaster plates across their Dubai branches, with all proceeds going back to the Dubai Center for Special Needs.

Watch highlights of the campaign: Link

MARKET MONITOR

Global Markets

April was a strong month for global equities, with the AWCI rising 1.3%, largely thanks to the impressive performance of big tech firms. Initially benefiting from sector rotation and mean-reversion, before ultimately justifying their momentum with positive Q1 earnings surprises. In fact, **it has been incredibly challenging for any fund manager to beat the market YTD without exposure to these tech giants.** Estimate-beating earnings reports from several big tech companies including Alphabet, Microsoft and Meta Platforms were received positively by investors. **Notably, though, Tesla and Netflix disappointed investors.**

Banking jitters that began in March continued, culminating into JP Morgan's acquisition of beleaguered lender First Republic Bank. However, this does not seem to have calmed investor nerves as regional banking stocks remain under severe pressure. Investors worry it is a symptom rather than a solution.

The **IMF marginally downwardly revised its global growth expectations as higher interest rates cool activity and warned that a severe flare-up of financial system turmoil could slash output to near recessionary levels.** The IMF now expects global GDP growth to decelerate to 2.8% this year, down from its January projection of 2.9%, from 3.4% in 2022 and rebounding to 3.0% in 2024.

Overall, the main risk factors to watch include **monetary tightening and growing liquidity and credit risks; moderating but still high global inflation; tight labour markets though a spate of retrenchments by the tech and banking sectors could eventually reshape the landscape;** increasing recession risk; soaring geopolitics and deglobalisation or nearshoring; and Europe's energy risk remains real with no end in sight for the Russia-Ukraine war. Finally, the risk of a US default is growing and could come as early as 1 June.

MSCI All Country World Index	S&P 500	Euro Stoxx 600	FTSE 100	MSCI Emerging Markets Index
1.27%	1.46%	1.92%	3.13%	-1.34%

US Dollar Index	Bitcoin	Crude Oil (Brent)	Gold
-0.90%	3.03%	0.60%	0.62%

Regional Markets

Regional markets were positive in April, propelled by good earnings reports. The ADX had a positive April though relatively weaker than regional peers. GCC economies are expected to grow at a much slower pace in 2023 than last year as expectations for muted gains in crude prices and oil production cuts take a toll, according to an April Reuter's poll. Saudi Arabia is set to expand 3.2% this year, less than half 2022's decade-high pace of 8.7%. The UAE should grow 3.7% in 2023 and 4.0% next year, significantly lower than 7.6% last year.

We believe the ADX remains attractive on strong fundamentals. Still decent oil prices should lead to higher government revenue/surplus for UAE/Abu Dhabi, enable flexibility in government expenditures, and improve overall credit conditions in the economy. Second, over the medium to longer term, various investment arms of the UAE are directing funding towards diversifying the economy from oil into newer industries and greener energy sources, which should drive and support overall growth.

GCC S&P Index	FADG	DFM	TASI	QSE
4.94%	3.81%	4.05%	6.78%	-0.31%

Other News

- **Global tourism is projected to reach $9.5trn this year,** only 5% short of 2019 pre-pandemic levels when travel was at its peak, according to World Travel and Tourism Council in collaboration with Oxford Economics. Last year, the travel and tourism sector grew almost 22% to $7.7trn. This represented 7.6% of the global economy last year.
- **The US Inflation Reduction Act will spur about $3trn of investment in renewable energy** technology, according to Goldman Sachs.
- **LVMH became the first European company to surpass $500bn in market value** -- earlier this month it broke into the ranks of the 10 biggest companies in the world. Its shares have climbed 32.9% so far this year.
- **Credit Suisse reported $69bn of outflows in the first quarter** that ended its 167-year history as Switzerland's second largest lender. Deposit outflows represented 57% of its wealth management unit and Swiss Bank net asset outflows. The bank also registered a $1.48bn impairment charge in its wealth management unit.
- **Hedge funds are betting on higher Treasury yields** in a market that's divided over whether the US economy can avoid recession and Fed rate cuts. Recent positioning data suggests leveraged investors are about as confident as the central bank is that a slump can be dodged. (Bloomberg)
- **Customer service workers at a Fortune 500 software firm who were given access to generative artificial intelligence tools became 14% more productive** on average than those who were not, with the least-skilled workers reaping the most benefit. (Bloomberg)
- **The EU agreed a €43bn ($47.2bn) plan to invest in the production of semiconductors**. Europe currently produces around 10% of the world's semiconductors, but the EU wants that share to reach 20% by 2030
- **HSBC's biggest shareholder increased pressure on the bank to hive off its Asian business.** Ping An, a giant Chinese insurer, which owns around 8% of HSBC, presented its plan in public for the first time, and said that HSBC was "exaggerating" the risks of the proposal.
- **The first wave of academic research applying ChatGPT to the world of finance is arriving** — and the technology has impressed so far. Two new studies deployed the artificial intelligence chatbot in market-relevant tasks — one in deciphering whether Federal Reserve statements were hawkish or dovish, and one in determining whether headlines were good or bad for a stock.
- **DIFC is in discussions with over 60 global hedge funds that are looking to establish offices within the Centre.** A report titled 'Dubai: The next global hedge fund centre – opportunities and outlook' released by DIFC in collaboration with Refinitiv reveals Dubai's growth and increased role as a global hub for hedge funds and alternative investments. In 2022, DIFC experienced a 54 per cent increase in the total number of hedge funds setting up within the Centre.
- **Dubai received 3.1 million visitors in the first two months of 2023,** with numbers exceeding pre-pandemic levels in the month of February. The number of visitors in January was up 50% YoY, but was still 9% below pre-pandemic levels. In February however, there were 1.63 million visitors, up 35% YoY and up 7% on pre-pandemic levels. Dubai may even break its 2019 record of 16.73 million visitors this year, according to Emirates NBD.
- **The World Bank now expects the UAE economy to grow at 3.3% in 2023,** and it has lowered its 2023 economic growth projection for the GCC countries to 3.2% from 3.7% forecast made in October last year due to an expected decline of oil prices from the highs reached in 2022. While the fastest-growing economy within the GCC is forecast to be Oman at 4.3%, Saudi Arabia is predicted to grow 2.9% this year, registering the most significant slowdown among the GCC economies, from 8.7% in 2022 and the 3.7% projected in October.
- **TAQA is establishing a green finance framework to issue green bonds, sukuks, loans and other debt instruments,** to contribute to its ESG targets and the UAE's Net Zero by 2050 ambitions. Citi, Standard Chartered Bank, MUFG and HSBC are joint sustainability structuring banks for the green finance framework, with First Abu Dhabi Bank (FAB) as sustainability finance framework advisor.
- **Spending on information technology in the MENA region this year is estimated to total $175.5bn,** up 2% from $171.9bn in 2022, according to data released by Gartner. Worldwide IT spending is projected to total $4.6tn in 2023, an increase of 5.5% from 2022.
- **The value of announced M&A transactions with any MENA involvement reached $8.3bn during Q1 2023,** according to Refinitiv. This is 65% less than the value recorded in the Q1 2022, while the number of deal announcements in the region also fell 26% from 2022, making it the slowest start to a year since 2020.
- **MENA equity capital markets raised $3.6bn in equity and equity-related issuances during Q1 2023,** declining 6% YoY. And the number of issues fell 7%, according to the latest Refinitiv Deals Intelligence data.
- **Business activity in the UAE's non-oil private sector expanded at the strongest pace in five months in March,** as new orders increased, and employment grew at the fastest rate since 2016. The seasonally adjusted S&P Global PMI climbed to 55.9 in March from 54.3 in February.