MULTIPLY
GROUP

INVESTORS' UPDATE

MARCH 2023 | ISSUE 15

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OUR UPDATES

Multiply Group reflects on its year of transformation and growth at the Group's General Assembly Meeting; sets priorities for 2023

Multiply Group held its General Assembly Meeting (GAM), reflected on a year of transformation and growth while establishing priorities for 2023. The hybrid event featured discussions on the company's financial standing, its operating asset expansion, its investment strategy across the Group's two arms, Multiply and Multiply+, and its commitment to sustainability.

Andre Sayegh, Chairman of the Board of Directors at Multiply Group commented on the Group's strategy in his opening remarks: "The Group strategy for this initial year is to retain the equity in the company and reinvest it in targeted investments to bring in higher value to our shareholders. Multiply Group is well-positioned for 2023 and beyond to carry on with its growth plans focusing on its 2 core investment arms."

In 2022, the asset base of Multiply Group quadrupled and the Group recorded AED 18.56 billion in profit, primarily due to atypical unrealized gains on investments. The operating portfolio of the Group performed exceptionally well, with a weighted average profitability growth of its subsidiaries of 38.6% annually. The Group remained one of the highest traded stocks on ADX with an average daily volume of AED 44 million during the year and was included in major benchmark indices such as the MSCI Emerging Markets Index and FTSE Russel's Global Equity Index Series.

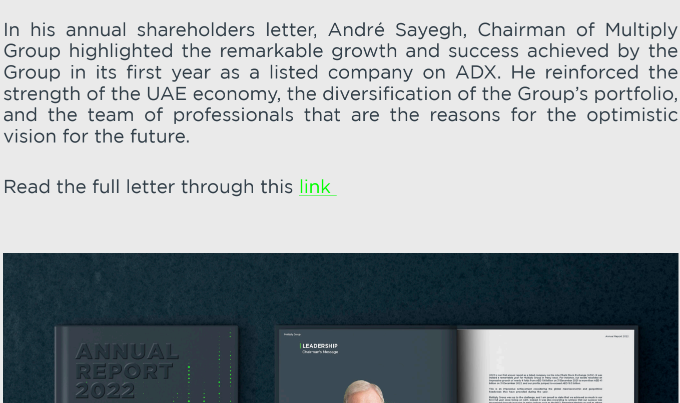
Of the Group's standing, Samia Bouazza, CEO and Managing Director of Multiply Group said: "We expect 2023 to be a year of further organic growth of our operating assets, continued disciplined investing and the possible launching of a new vertical."

In her shareholder letter published earlier, Bouazza had said: "Our most critical tasks for 2023 are to remain guardians of our holding, and our companies', balance sheets; organically grow our subsidiaries; pinpoint cash-generating opportunities to invest in, as valuations soften around the world; continue to drive our EPS growth; and contribute through our investments, initiatives and ESG priorities to the Year of Sustainability in the UAE."

The Year of Transformation & Growth.

Multiply Group's annual report for the year 2022 is out. From the Group's robust financial performance to our commitment to sustainability and rigorous governance, this report sheds light on our operations and future strategic outlook.

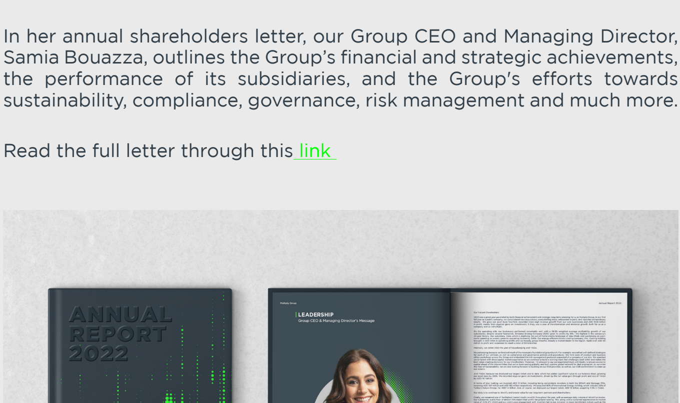
Read the full report through this link



Chairman Letter to Shareholders

In his annual shareholders letter, André Sayegh, Chairman of Multiply Group highlighted the remarkable growth and success achieved by the Group in its first year as a listed company on ADX. He reinforced the strength of the UAE economy, the diversification of the Group's portfolio, and the team of professionals that are the reasons for the optimistic vision for the future.

Read the full letter through this link



Group CEO and Managing Director Letter to Shareholders

In her annual shareholders letter, our Group CEO and Managing Director, Samia Bouazza, outlines the Group's financial and strategic achievements, the performance of its subsidiaries, and the Group's efforts towards sustainability, compliance, governance, risk management and much more.

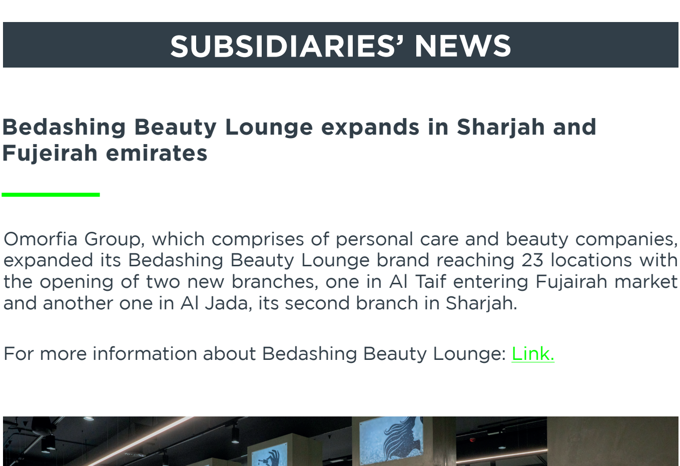
Read the full letter through this link

Multiply Group Appoints Omar Fayed as Advisor to CEO

We are delighted to introduce Omar Fayed, Advisor to CEO, bringing over 20 years of investment and finance experience in diverse sectors across the GCC. He has a wealth of experience in mergers & acquisitions, post-acquisition monitoring, general strategy, as well as financial engineering solutions with a focus on value creation.

Omar has worked on high-profile deals, including buy-side M&A, management and leveraged buyouts, as well as debt and equity financings. He started his career with one of the big four and has grown and led the Investment Division in one of the leading principal investments houses in the GCC.

With his astute investment expertise and proven track record of steering strategies through board of executive committee representation, we would like to welcome Omar on board and wish him all the best in his new role.



SUBSIDIARIES' NEWS

Bedashing Beauty Lounge expands in Sharjah and Fujeirah emirates

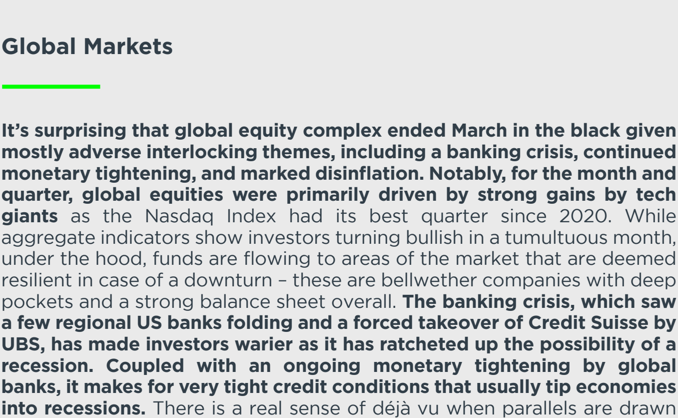
Omorfia Group, which comprises of personal care and beauty companies, expanded its Bedashing Beauty Lounge brand reaching 23 locations with the opening of two new branches, one in Al Taif entering Fujairah market and another one in Al Jada, its second branch in Sharjah.

For more information about Bedashing Beauty Lounge: Link.

Viola Communications supports the launch of Sea La Vie

Viola Communications successfully designed, marketed, and launched the spectacular event for the launch of Sea La Vie - a luxurious residential project at Yas Bay that will be developed by Nine Yards.

Watch highlights of the event: Link



MARKET MONITOR

Global Markets

It's surprising that global equity complex ended March in the black given mostly adverse interlocking themes, including a banking crisis, continued monetary tightening, and marked disinflation. Notably, for the month and quarter, global equities were primarily driven by strong gains by tech giants as the Nasdaq Index had its best quarter since 2020. While aggregate indicators show investors turning bullish in a tumultuous month, under the hood, funds are flowing to areas of the market that are deemed resilient in case of a downturn – these are bellwether companies with deep pockets and a strong balance sheet overall. **The banking crisis, which saw a few regional US banks folding and a forced takeover of Credit Suisse by UBS, has made investors warier as it has ratcheted up the possibility of a recession. Coupled with an ongoing monetary tightening by global banks, it makes for very tight credit conditions that usually tip economies into recessions.** There is a real sense of déjà vu when parallels are drawn with 2008. After the tie-up between JP Morgan and Bear Stearns calmed the markets in March of 2008, markets went on to log a decent Q2 2008, but things turned ugly for global equities in Q3 2008 as Lehman Brothers filed for bankruptcy.

Overall, the main risk factors to watch include **monetary tightening and growing liquidity and credit risks; moderating but still high global inflation; tight labour market 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, though an uncharacteristically warmer European winter has been fortuitous. A new but still low-profile risk factor is the US debt limit that has been breached with the impasse in congress may yet compound market volatility.

MSCI All Country World Index	S&P 500	Euro Stoxx 600	FTSE 100	MSCI Emerging Markets Index
2.82%	3.51%	-0.71%	-3.10%	2.73%

US Dollar Index	Bitcoin	Crude Oil (Brent)	Gold
-2.17%	23.03%	-4.89%	8.15%

Regional Markets

The ADX underperformed its regional peers this month and in the first quarter of 2023. However, this month begins with a focus on the energy sector as the Opec+ Joint Ministerial Monitoring Committee meets to discuss oil production. While the committee pledged to cut overall output by two million barrels per day at its last meeting in February and is largely expected to hold that line, a surprise production cut of 1.16mbpd was announced ahead of the meeting. This will likely support the oil price and anchor regional equities

GCC S&P Index	FADG	DFM	TASI	QSE
0.91%	-4.21%	-0.90%	4.82%	-3.39%

Other News

- **The World Bank expects that between 2022 and 2030, the average global potential GDP growth will moderate to 2.2% a year,** down by about a third from the 3.5% growth rate during the first decade of this century. Systemic banking crises and recessions are expected to have lasting effects on the world's economic growth and development.

- **The global energy transition needs $35trn in investment by 2030 to succeed,** which means annual investments need to be quadruple their current level for this change to happen.

- **Euro Area flash inflation rate for March fell to 6.9% YoY from 8.5%, and better than the expected 7.1%.** German inflation fell from 8.7% to 7.4% YoY in March as the spike in energy costs subsided. The figure was higher than many analysts predicted and small compared to the drop in Spain, which saw inflation rise by just 3.3% year on year.

- **Retail sales in the United States are expected to grow at a slower pace this year,** the National Retail Federation (NRF) said, as fears of a recession and tremors in the banking industry cast a shadow over a recovery in consumer spending. It expects retail sales to rise between 4% and 6% to up to $5.23tn, in comparison to 7% growth in 2022 to $4.9tn.

- **Goldman Sachs now expects Brent to average $95 in the next 12 months and $94 in the second half of 2024,** given banking stress, recession fears and an exodus of investor flows. The bank has also lowered demand projections for Europe and North America in 2023, while raising them for China, as well as making a 600,000 barrel per day cut for 2024 estimates, while 2023 demand forecasts remained the same.

- **Goldman Sachs has raised its forecast for China's gross domestic product (GDP) growth this year to 6% from 5.5%** on the back of the country's rapid reopening. Strong recovery in sectors sensitive to the COVID-19 pandemic and broadly improved activity data in the first two months of this year drove the upgraded outlook.

- **Goldman Sachs has lowered its US forecast for fourth-quarter GDP growth,** citing risks to the lending environment as smaller banks pull back on loans to preserve liquidity in the face of a banking crisis. It now expects growth of 1.2% for the quarter, down 0.3 percentage points from its previous estimate.

- **Fed (with some Treasury backstop) is offering loans to banks against certain collateral valued at par,** helping to eliminate mark-to-market losses on certain holdings. This removes, to a great extent, the duration risk that befell SVB.

- **Real GDP growth in the GCC region will moderate from an estimated 7.6% in 2022 to 3.5% in 2023,** according to a new report by S&P Global Market Intelligence.

- **Central Bank of UAE has projected the country's annual real GDP growth to expand by 4.3% in 2024.** In 2023, the CBUAE maintains its forecast unchanged at 3.9%.

- **UAE has been ranked as the top emerging market across the MENA region, and third globally, after China and India,** as revealed in Kearney's 2023 Foreign Direct Investment Confidence Index (FDICI).

- **Saudi Arabia's GDP exceeded $1trn for the first time in 2022 as its economy grew by 8.7%,** while the unemployment rate among citizens also fell sharply. The kingdom's GDP at constant prices reached SAR4.2trn ($1.12trn). The non-oil sector contributed about SAR2.3trn, accounting for 61% of the total, while the hydrocarbon sector added SAR1.61trn, or 39% (Al Rajhi Capital).

- **Aldar Properties and sovereign investor Mubadala will launch a joint venture to develop a 37-floor office tower in the Abu Dhabi Global Market (ADGM) financial district.** The 63,000sqm property, which is the initial project for the joint venture, will be 60% owned by Aldar and 40% by Mubadala.

- **Airfares across the Middle East and Asia-Pacific have surged by more than half, surpassing the global average, while airports in the region continue to lose money,** the Airports Council International (ACI) reported. The increase in airfares, which averaged 53% in nominal terms or 35% in real terms last year compared to 2019, could pose a threat to the aviation industry's full recovery this year.

- **The Abu Dhabi Global Market grew its assets under management by 56% last year.** Total active licences at the financial free zone grew by 30% to 5,546, including permits for both financial services and non-financial companies, while ADGM Square's workforce rose by about 29% to 10,954.

- **The UAE Central Bank has begun implementing its digital currency strategy,** Digital Dirham. It signed an agreement with Abu Dhabi's G42 Cloud and digital finance services provider R3 to be the infrastructure and technology providers.

- **TAQA has approved a new dividend policy for the next three years under which shareholders will receive a fixed dividend based on utilities and an annual variable payout based on oil and gas earnings.** It now expects to pay a fixed dividend per share, derived from its utilities earnings, of 3.25fils in 2023, 3.50 fils in 2024 and 3.75 fils in 2025. It will pay fixed dividends on a quarterly basis and an additional annual variable dividend from a discretionary percentage of the company's net profit from its oil and gas business. For FY2022, Taqa will pay a dividend of AED5.74bn ($1.56bn) to its shareholders including a special dividend of 2.1 fils a share, bringing the total distribution for the financial year to 5.1 fils a share.