MULTIPLY

INVESTORS' UPDATE

MARCH 2024 | ISSUE 27

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# **OUR UPDATES**

Multiply Group reflects on strong growth momentum and positive impact from its investments at General Assembly Meeting

Multiply Group held its General Assembly Meeting (GAM), which has reflected on a year of strong growth momentum for the Group as well as the positive impact born out of its business activities and investments.

The event featured discussions on the company's financial standing, its portfolio expansion, its investment strategies across the Group's two arms, Multiply and Multiply+, and its commitment to positive impact across both the UAE economy and society. Multiply Group also outlined its strategic priorities for the year ahead mapping areas that would sustain progress for the Group into 2024.

Andre Sayegh, Chairman of the Board of Directors at Multiply Group commented on the Group's strategy in his opening remarks: "2023 rounded off another remarkable year of achievements for Multiply Group, with operating net profit, as well as revenue of our subsidiaries growing by 15%. Fundamentally, our portfolio companies are geared for future synergies, revenue growth and cost optimization. These contributing factors as well as our overall performance means that we are well-positioned and laser focused on the path ahead, where we can continue driving strategic investments that will create lasting and meaningful impact across the UAE economy."

He went on to note: "The combination of our financial strength with agile and dynamic investment and portfolio management teams, will ensure that we can generate significant growth into 2024 and in the coming years."

In 2023, Multiply had a net profit excluding fair value changes of AED 1.1 billion, 2.4x last year. Its robust underlying profit growth was led by strong operational performance, higher investment income and increased share of profit from Kalyon JV. The reported net profit, including unrealized fair value changes on market volatility backdrop, came in at AED 552 million.

Group revenue increased by 15% YoY to AED 1.3 billion, reflecting the strength of the Group's vertical building strategy, driven by organic growth across the four verticals (+5% YoY) and the consolidation of Media 247 under the Media vertical and each of Fisio and The Juice Spa and Salon under Beauty & Wellness vertical.

Samia Bouazza, CEO and Managing Director of Multiply Group commented about the GAM saying: "Throughout 2023, we diligently focused on building our verticals, adding new services, and identifying synergies across our portfolio. This effort has resulted in excellent growth across our subsidiaries, as reflected in our full-year earnings. In FY2023, we reported net profit excluding fair value changes of AED 1.1 billion, which more than doubled from that of last year. As we remain guardians of our, and our companies', balance sheets, we will continue to organically grow our subsidiaries, integrate technology and AI tools to optimize operations and margins, while continuing to identify cash-generating opportunities to invest in and preparing our media vertical for IPO."

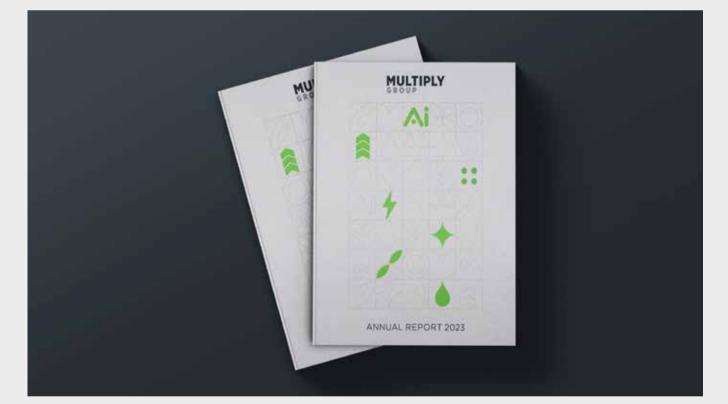


## The Year of Sustainability

Multiply Group's annual report for the year 2023 is out! And as it was unveiled, the Group leveraged the capabilities of artificial intelligence to deliver a comprehensive overview of the report, ensuring efficiency, significant time savings, and cost savings in the process.

Watch the highlight video featuring Emgie (MG), Multiply Group's digital Avatar powered by cutting-edge AI technology.

Read the full report through this link



## **Chairman Letter to Shareholders**

In his annual shareholders letter, Multiply Group's Chairman, Andre Sayegh highlights the Group's revenue growth by 15% from its core operations compared to last year. He further underscores the Group's strategic commitment to fostering strong growth within its existing subsidiaries and selected acquisitions in 2023.

Read the full letter through this link



**Group CEO and Managing Director Letter to Shareholders** 

In her annual shareholders letter, Samia Bouazza, Group CEO and Managing Director of Multiply Group, focused on growing the Group's verticals, ensuring the subsidiaries continue to add new sources of revenue, identifying synergies across its portfolio, while continuing to invest across both arms, Multiply and Multiply+. This effort has resulted in continued growth across subsidiaries, as reflected in the Group's full-year earnings. The year was categorized into 4 main elements: Growth, Technology, Sustainability and Culture.

Read the full letter through this link



A Journey through Startups, Technologies, and Global Ventures

From founding Joy Global Ltd. to bringing cutting-edge tech to the UAE, join us on a new episode of the Multipliers podcast, with Leenong Li, Founding Partner and Senior Executive Officer at Joy Global Ltd. <u>Check out the full episode on Spotify, Apple Podcasts, Google Podcasts, and our YouTube channel</u>



# IN THE MEDIA

# Forbes 30/50 Summit in Abu Dhabi

Samia Bouazza, Group CEO & Managing Director, spoke at the Forbes 30/50 Summit in Abu Dhabi in celebration of International Women's Day. During the session, she shared insights on steering a multi-billion-dollar business, drawing from her personal experience with the IPO process, all while emphasizing the importance of prioritizing mental health.

The Forbes 30/50 Summit was attended by the world's top women leaders and innovators across politics, finance, technology, social entrepreneurship and beyond.

Highlights from the session here



# **SUBSIDIARIES' NEWS**

Emirates Driving Company Participated in EFG Hermes' Annual One-on-One Conference

Emirates Driving Company participated in EFG Hermes' The 18th Annual One-on-One Conference. During the conference, valuable discussions were held with investors and shareholders regarding the company's performance and strategies for the upcoming year. In addition, various activities were conducted to address inquiries from investors and shareholders, reflecting the company's commitment and leadership's dedication to transparency and building strong collaborations with all stakeholders, while further enhancing its vision for achieving more success.



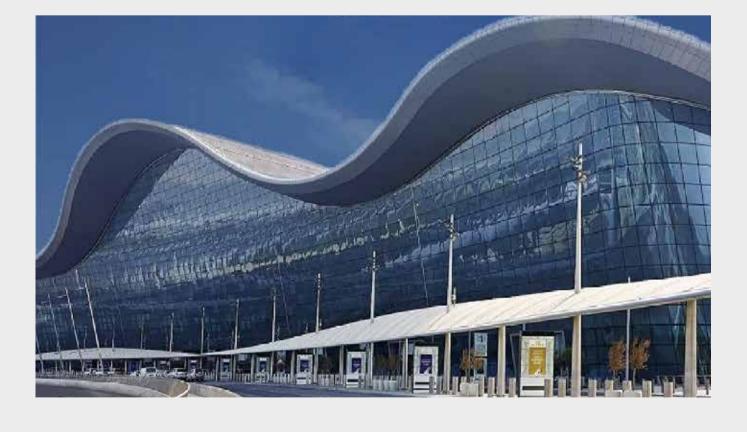
#### **Tips and Toes at Marina Vista**

Tips and Toes opened its 41st branch in Marina Vista, Dubai, offering a luxurious haven for women to leave their stresses behind and nurture their mind, body, and soul. With over 40 branches located across the Emirates and the Kingdom of Saudi Arabia, Tips & Toes is the Middle East's largest and most successful salon and spa chain.



# **Bedashing at Zayed International Airport**

Bedashing Beauty Lounge expands its reach by opening its 24th branch in Zayed International Airport, Terminal A. Bedashing continues to promote women's empowerment through beauty and the unique services it provides.



# Multiply Group's Viola Communications inks 10-year partnership with ADNOC

Viola Communications has entered into a 10-year strategic partnership with ADNOC to utilise outdoor media leasing spaces for advertising in the capital and enhance ADNOC's brand visibility in AI Dhanna city. As part of the partnership, Viola will install and operate outdoor media advertising solutions on ADNOC assets in strategic locations across the capital and AI Dhannah city to ensure maximum audience engagement. The company will prioritise local suppliers while strengthening ADNOC's In-Country Value contribution to AI Dhannah as it delivers on the partnership agreement. These efforts underscore Viola's ongoing commitment to fulfilling the digital transformation strategy.





# MARKET MONITOR

**Global Markets** 

The ACWI jumped 2.9% in March, a fifth consecutive monthly equity rise, on the back of broad-based global equity rises. While all the three major equity volatility gauges we follow declined, it is the interest rate volatility measure that tanked quite considerably. Bar Japan, yields for most major markets declined, with the US 10-year yield declining marginally by 4.7bps to 4.205%. Across assets, bitcoin was a clear outperformer by a wide margin for a second consecutive month, up 14.3% in March. Gold (+9.2%), Brent (+6.2%), copper (+4.6%) and the dollar (+0.4%) rose; natural gas (-5.9%) and iron (-11.9%) declined.

## **Bull Factors**

- US growth of GDP and consumer spending in Q4 was revised upward in the third estimate.
- China manufacturing activity expanded in March for the first time since September.
- The US S&P Global manufacturing PMI unexpectedly rose to a 1-3/4 year high of 52.5 in March.
- One of the biggest take from the Congress is that China will target economic growth of around 5% this year.

## **Bear Factors**

- Despite various market interventions by Beijing, sentiment has again turned for the worse for Chinese equities as local developers announce worse-than-feared results.
- EV winter beacons as Tesla and Chinese peers suffer lower-than-expected sales.
- Mixed CPI eurozone CPI readings.
- China's National People's Congress left investors wanting more on the stimulus front.

#### **Outlook & Risks**

**Some of the themes driving investment thought include** America's exceptionalism ("soft-landing"), the expectation of synchronized monetary policy loosening in the second half of the year, how China deals with its private sector credit crunch, the shift from private equity to private debt, and the promise of AI.

Fitch Ratings has raised its 2024 global GDP growth forecast by 0.3ppts to 2.4%. In its latest Global Economic Outlook report, the rating agency said that the sharp upward revision was driven by the US growth forecast to 2.1% from 1.2% in the December 2023 report. World growth is expected at 2.5%, which is stable from its earlier forecast, as the Eurozone recovers on a pick-up in real wages and consumption. The revision to the US outweighs a marginal cut to the China 2024 growth forecast to 4.5% from 4.6%. It revised up the growth forecast for emerging markets excluding China by 0.1ppts to 3.2%, raising forecasts for India, Russia, and Brazil. Fitch anticipates the Fed and ECB will cut rates three times by 75bps by year-end.

MSCI All Country World Index		S&P 500		Euro Stoxx 600		FTSE 100		MSCI Emerging Markets Index	
2.9%		3.1%		3.7%		4.2%		2.2%	
	US Dollar Index		Bitcoin		Crude Oil (Brent)		Gold		
	0.4%		14.3%		6.2%		9.2%		

**Regional Markets** 

The GCC equity indicator declined 2.6% in March (February: -4.3%), with most sub-indices closing lower, with the QSE weighing down the most. The brent ended the month higher by 6.2% as geopolitical tensions remain elevated, more so as Russian refineries come under attack.

Saudi Aramco CEO Amin Nasser said global oil demand will not peak for some time and policy makers needed to ensure sufficient investment in oil and gas to meet consumption and abandon the fantasy of phasing out fossil fuels. Oil demand will reach a new record of 104 mbpd in 2024, Nasser said. Meanwhile, Morgan Stanley raised its Brent oil price forecasts by \$10 per barrel to \$90 for 3Q 2024, citing tighter supply and demand balances on OPEC+ commitment and Russia's oil production curtailments after recent drone attacks on its refineries.

GCC S&P Index	FADG	DFM	TASI	QSE
-2.6%	-0.3%	-1.5%	-1.8%	-6.0%

**Other News** 

- FDI to China last year plunged to its lowest level in decades, according to a measure from the State Administration of Foreign Exchange. The country's direct-investment liabilities in its balance of payments, which reflects the foreign capital going into China, came to \$33bn in 2023, a big drop from the \$180bn recorded in 2022 and the lowest amount since 1993.
- Warren Buffett's conglomerate Berkshire Hathaway held a record \$167.6bn in cash at the end 4Q, a more than \$10bn increase from the prior quarter. "There remain only a handful of companies in this country capable of truly moving the needle at Berkshire, and they have been endlessly picked over by us and by others," he wrote in his annual letter.
- Business activity in the Eurozone displayed indications of improvement last month, with the bloc's dominant services industry expanding for the first time since July, offsetting a deeper contraction in manufacturing. Eurozone February Composite PMI has been reported at 49.2, stronger than expectations of 48.9. Eurozone February Services PMI stood at 50.2, stronger than expectations of 50.0.
- Atlanta Fed President Raphael Bostic says he expects a pause in interest-rate moves after the central bank delivers its first cut something he thinks will take place in the third quarter of this year. Bostic's comments helped push front-end Treasury rates higher, with the yield curve flattening as the two-year benchmark rose.
- Consumer prices in China increased for the first time in six months in **February**, attributed to spending associated with the Lunar New Year. The Chinese February CPI stood at +1.0% m/m and +0.7% y/y, stronger than expectations of +0.7% m/m and +0.3% y/y.
- In a survey of a small group of sovereign investors with total assets under management of \$500 billion, Invesco found that institutions are increasingly drawn to opportunities in private credit and artificial intelligence.
- Nvidia unveiled new AI chips which he said were twice as powerful at training AI models as current ones. Nvidia controls more than 95% of the market for specialist AI chips.
- China adopted guidelines to cease the utilization of U.S.-made microprocessors from Intel and AMD in government servers and personal computers. The guidance also aims to reduce usage of Microsoft's Windows operating system and foreign-made database software, substituting both with domestic alternatives.
- The overall value of global M&A climbed 30% to \$ 690 bn in Q1 y/y, according to data by LSEG, even as the total number of deals announced fell 31%. The number of takeovers worth at least \$10bn jumped, driven by large US deals in the energy, tech and financial sectors. Eleven such transactions, with a total value of \$ 215 bn, were struck during the quarter, up from five takeovers worth a combined \$ 100 bn in the first three months of 2023.
- Mubadala Investment Company and Goldman Sachs have signed a \$1bn deal to invest in private credit deals in Asia, with particular focus on India.
- Egypt has received the first batch of the \$35 billion funds pledged by the UAE to finance the multi billion-dollar development of the country's Mediterranean coast known as Ras El-Hekma. The agreement stipulated that Egypt would receive \$15 billion within seven days, with the remaining \$20 billion to be transferred within two months.
- The UAE subsidiary of Saudi-listed Arabian Contracting Services Company (Al Arabia) has signed an advertising billboard contract worth AED522.84 million (\$142.35 million) with Dubai's Roads and Transport Authority (RTA).
- Smaller deals are likely to become the norm in 2024 as the private sector becomes the main issuer seeking capital, according to EFG Hermes, and a change from large bulge bracket deals from government privatisations.
- Etihad Airways expects to exceed last year's annual profit in 2024 and is preparing for a potential IPO, a first for a major Gulf airline, as it pursues an ambitious growth strategy between now and 2030, its chief executive has said.
- Start-ups in the UAE continue to dominate fundraisings in the MENA, with over \$65 million raised in February. Young businesses in Saudi Arabia raised the second-highest capital, having secured \$39 million in three investment rounds.
- Abu Dhabi has set up a new technology investment company, MGX, to expedite the development of AI and other advanced technology as the emirate seeks to boost its future economy. It will focus on three core areas

   AI infrastructure (data centres and connectivity), semiconductors and core technology and applications such as AI models, software, data, life sciences and robotics.
- At 58.5 in February, the S&P Global Dubai PMI posted a strong uptick from January's 56.6, indicating an improvement in operating conditions across the emirate's non-oil economy on the back of an increased volume of new orders, prompting companies to hire more people at the fastest rate in the last eight years.
- LuLu Group International has appointed banks for its IPO, which could see the hypermarket chain raise \$2bn.
- Saudi Arabia's government plans to create a fund of about \$40bn to invest in Al.
- Dubai-based Tristar Transport is again looking to sell itself three years after it shelved plans to launch an IPO, Bloomberg reported. The Middle East logistics company has tapped deNovo Partners to run a formal sale process, the news agency said, adding that deliberations are still ongoing and that the sale might not push through.
- Saudi Arabia's MBC Group Holdings has acquired nearly 14% stake in music streaming platform Anghami. The media giant's MBC Ventures purchased a total of 4,074,533 ordinary shares, representing a 13.7% stake in the company, according to a SEC disclosure.
- Saudi Arabia's economy is set to grow 3.3% in 2024, rebounding from a 0.8% contraction in 2023, on the back of both the oil and non-oil sectors, said Deutsche Bank in a new report.