

MULTIPLY GROUP

INVESTORS' UPDATE

OCTOBER 2023 | ISSUE 22

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OUR UPDATES

Multiply Group Announced 337% YoY Increase in Net Profit Excluding Fair Value Changes for Q3 2023

Multiply Group announced a net profit excluding fair value changes of AED 331 million for Q3 2023. This marks a significant 337% increase from AED 76 million reported in the same quarter of 2022. In Q3, 2023, the Group's net profit, including fair value changes in investments, stands at AED 145.77 million.

The Group's Q3 2023 revenue of AED 351.8 million is a 23.82% YoY growth driven by the organic growth across its 4 core verticals (+9% YoY) and the consolidation of Media 247 and LVL effective 1 July 2023. The gross profit margin rose to 50.1%, reflecting an improvement of 128 basis points from Q3 2022.

This growth was bolstered by dividend income amounting to AED 194.37 million from the Group's public portfolio and an increased share of profit to reflect the change in the functional currency of the Turkish JV Kalyon from Turkish Lira to USD.

Samia Bouazza, Group Chief Executive Officer and Managing Director at Multiply Group, commented: "Our Q3 2023 results highlight our Group's continual growth, with net profit excluding fair value changes soaring to AED 331 million, rising 337% from the same period last year. As we continue to diversify our asset portfolio and prepare selected verticals for IPO, we are also making significant strides investing and embedding new innovations and technologies to augment operations across our verticals."

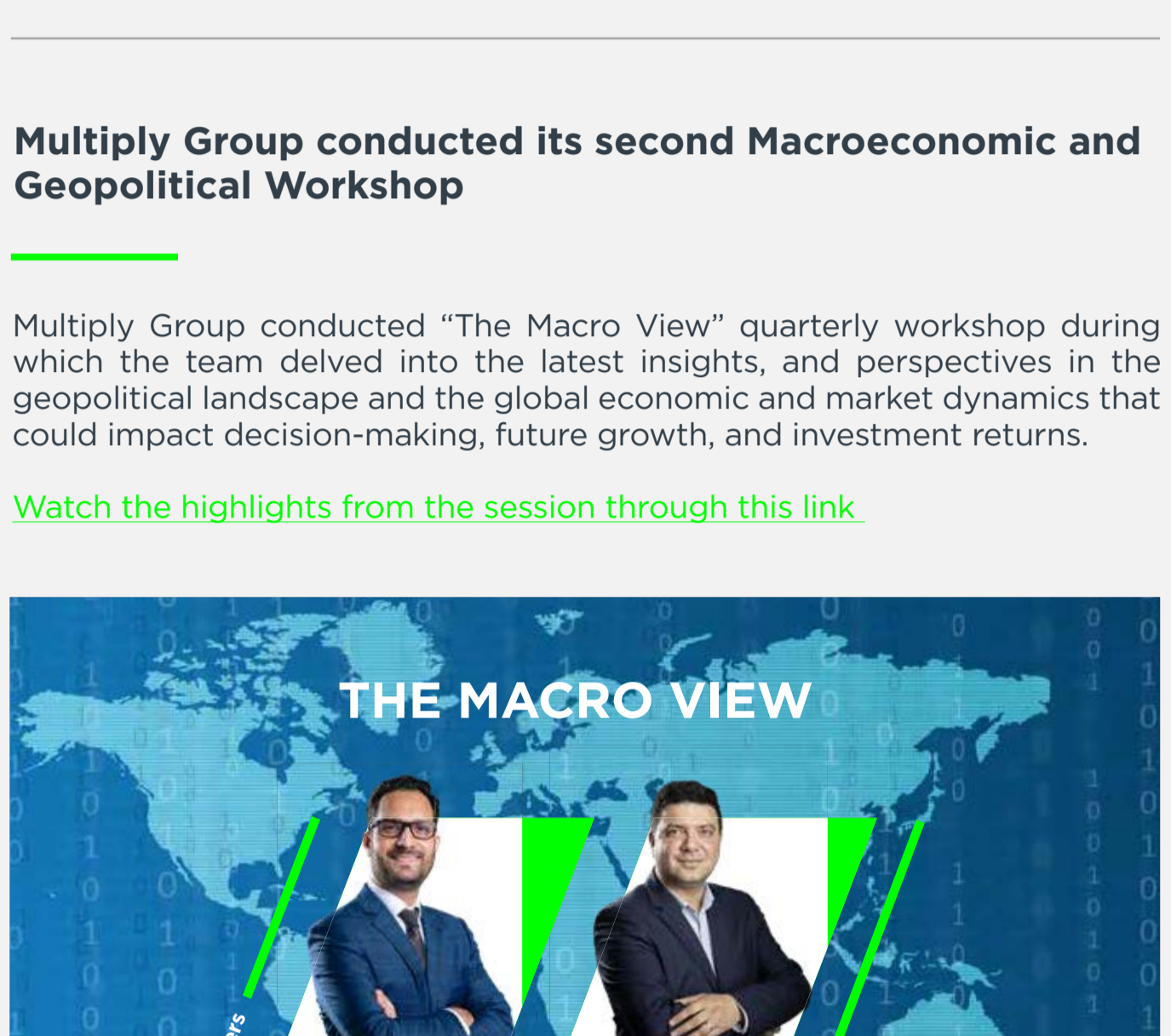
In the first nine months of 2023, the Group's year to date net profit excluding fair value changes rose to AED 811.17 million, a 199% YoY growth.

Multiply Group remains poised to capitalize on emerging value-accretive acquisition opportunities worldwide, spanning its operating verticals and investment arm. The Group boasts a robust cash position of AED 1.65 billion, favourable debt-to-equity and debt-to-assets ratios, and access to over AED 4 billion in financing capacity.

With its dual investment arms, Multiply and Multiply+, the Group continues to demonstrate its financial prowess, targeting lucrative opportunities across a spectrum of asset classes. Multiply's current investment verticals encompass Mobility, Energy and Utilities, Media and Communications, and Beauty and Wellness. Meanwhile, Multiply+ remains sector-agnostic, aiming for double-digit returns across asset classes. Under Multiply+, the public market portfolio is currently valued at AED 33.28 billion, compared to an initial investment of AED 15.43 billion.

On the sustainability front, Sustainalytics, a global leader in environmental, social and governance (ESG) rating and research, has rated Multiply Group's risk level at 15.8. This commendable rating places the Group in the "Low Risk" category, positioning it among the top 10% of companies in the Diversified Financials sector. This is a testament to our commitment to sustainability.

[Read more through this link](#)

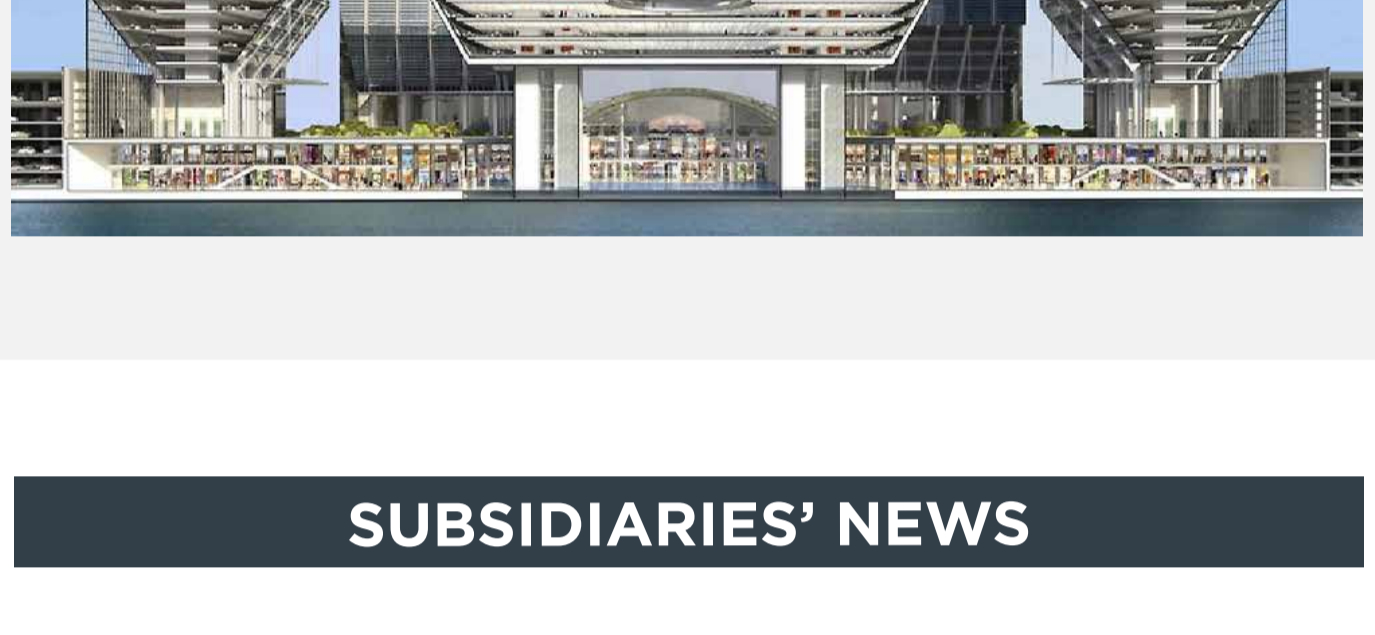


M&A, ESG, and Beyond

In this episode of Multiply Group's podcast series, Multipliers, Hassan Awada, Associate Managing Director at Kroll, discusses the world of IPO, M&A, and ESG.

Follow our podcast channels and stay tuned for captivating episodes featuring many experts from different industries.

[Check out the full episode on Spotify, Apple Podcasts, Google Podcasts, and our YouTube channel](#)



Multiply Group conducted its second Macroeconomic and Geopolitical Workshop

Multiply Group conducted "The Macro View" quarterly workshop during which the team delved into the latest insights, and perspectives in the geopolitical landscape and the global economic and market dynamics that could impact decision-making, future growth, and investment returns.

[Watch the highlights from the session through this link](#)



Multiply Group moved to ADGM

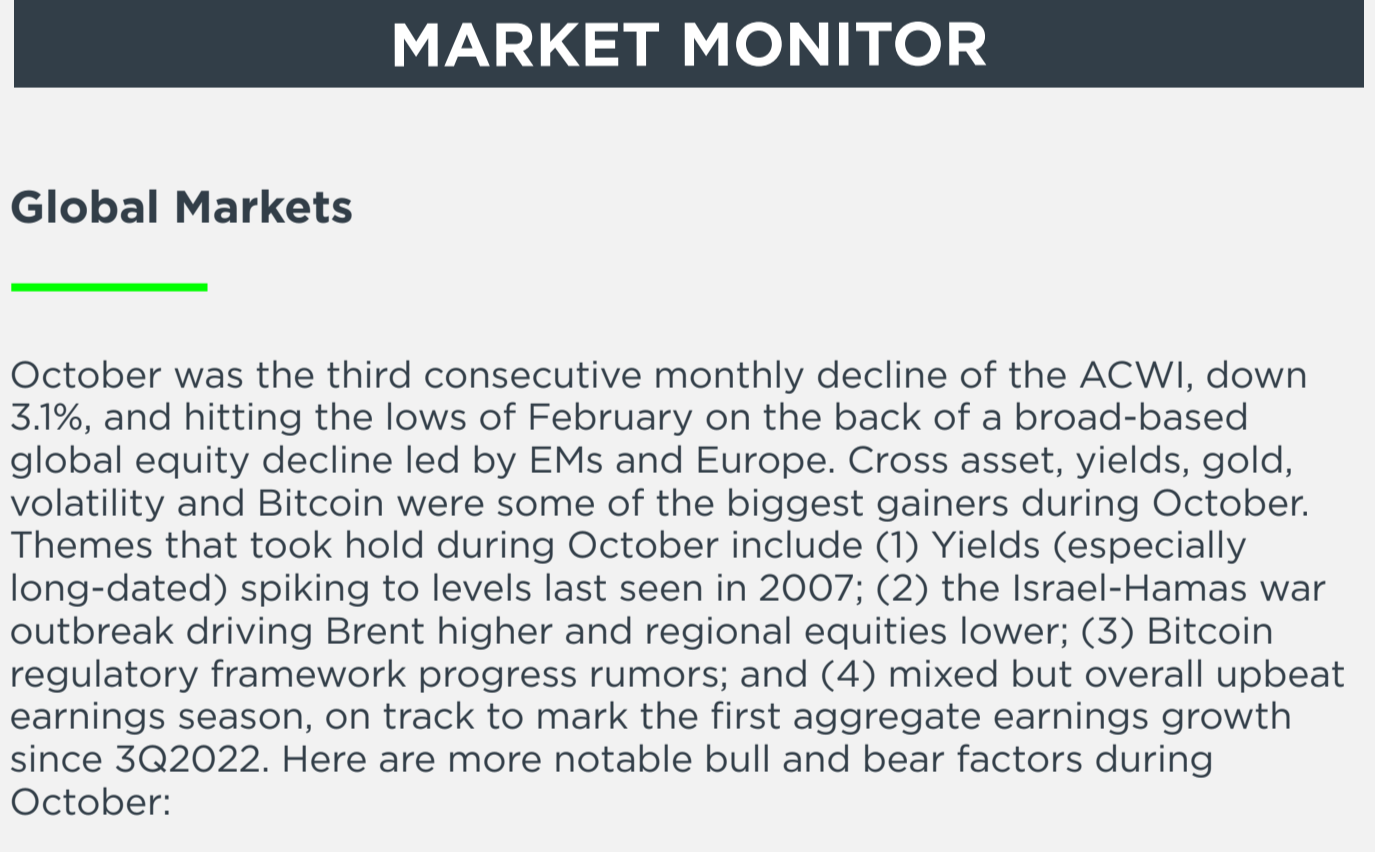
Multiply Group has relocated to the Abu Dhabi Global Market (ADGM). Our new address is at Al Khatem Tower, 13th floor. Tel.: +971 2 616 8200



SUBSIDIARIES' NEWS

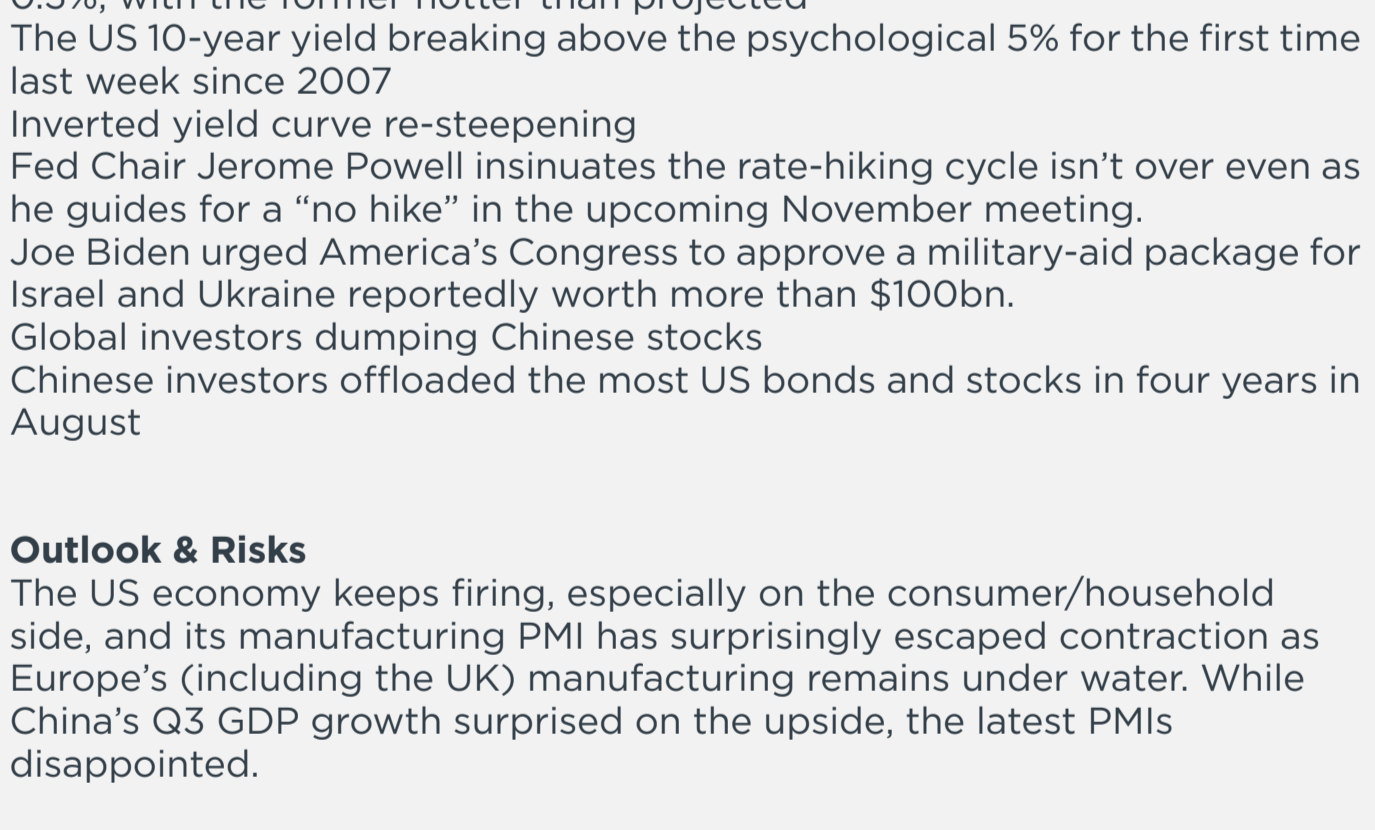
Emirates Driving Company is recognized by MAJRA

Emirates Driving Company has been awarded the Silver-tier Community Impact Seal 2022 on the federal level from the National Fund for Corporate Social Responsibility (MAJRA). This is in recognition of their commitment to sustainable practices aligned with ESG criteria, UN SDGs, and national priorities.



Shaping Futures initiative, Philippines Chapter

Our subsidiaries Tips & Toes and Bedashing Beauty Lounge, in collaboration with Schwarzkopf Professional SAE team, flew out to Batangas, Philippines, to meet the students of SOS Children Villages as part of the 'Shaping Futures' initiative, which teaches disadvantaged youth the art of hairdressing, offering them a brighter future. At the end of the program, Multiply Group's subsidiaries have recruited 8 students to join the Tips & Toes and Bedashing families in the UAE.



Viola Communications Awarded Silver at MENA Digital Awards

Multiply Group's subsidiary, Pal Cooling Holding (PCH), has successfully connected the new Nord Anglia School in Reem Island, having a 1,250 RT cooling load requirement, to its Tamouh district cooling plant.

Earlier this year, PCH completed and commissioned the first phase of the Tamouh district cooling plant's expansion with an additional installed capacity of 5,000 RT. Once the second phase is completed later this year, the plant will have a total installed capacity of 75,000 RT.



MARKET MONITOR

Global Markets

October was the third consecutive monthly decline of the ACWI, down 3.1%, and hitting the lows of February on the back of a broad-based global equity decline led by EMs and Europe. Cross asset, yields, gold, volatility and Bitcoin were some of the biggest gainers during October. Themes that took hold during October include (1) Yields (especially long-dated) spiking to levels last seen in 2007; (2) The Israel-Hamas war outbreak driving Brent higher and regional equities lower; (3) Bitcoin regulatory framework progress rumors; and (4) mixed but overall upbeat earnings season, on track to mark the first aggregate earnings growth since 3Q2022. Here are more notable bull and bear factors during October:

Bull Factors

- Annual inflation measure doing well; PCE index fell to an annual rate of 3.7% in September, down from 3.8% in August and its lowest in two years
- Profits at China's industrial firms increased for a second consecutive month in September
- 30 Chinese publicly traded companies pledged to repurchase their shares
- Chinese government plans to issue additional sovereign debt and an increase in the budget deficit ratio
- JPMorgan and Bloomberg Intelligence indicated that all signs point towards a Bitcoin ETF approval by the end of January 2024
- China's economy grew at a faster-than-expected pace in the third quarter, expanding by 4.9% y/y
- US economy grew at the fastest pace in nearly two years in Q3 by 4.9% y/y on a burst of consumer spending.

Bear Factors

- MoM measure of inflation re-accelerating: PCE accelerated m/m to 0.3% from 0.1%; US CPI increased 0.4% m/m in September and the core rose 0.3%, with the former hotter than projected
- The US 10-year yield breaking above the psychological 5% for the first time last week since 2007
- Inverted yield curve re-steepening
- Fed Chair Jerome Powell insinuates the rate-hiking cycle isn't over even as he guides for a "no hike" in the upcoming November meeting.
- Joe Biden urged America's Congress to approve a military-aid package for Israel and Ukraine reportedly worth more than \$100bn.
- Global investors dumping Chinese stocks
- Chinese investors unloaded the most US bonds and stocks in four years in August

Outlook & Risks

The US economy keeps firing, especially on the consumer/household side, and its manufacturing PMI has surprisingly escaped Europe's (including the UK) manufacturing remains under water. While China's Q3 GDP growth surprised on the upside, the latest PMIs disappointed.

The earnings season continues to provide market impetus but by the end of the first week of November, most of the biggest names would have filed their numbers. Nvidia remains one of the most anticipated reports when it reports later this November.

Meanwhile, the main risk factors to watch include the following:

- The risk of more rate hikes, given the market has effectively priced out further hikes:
 - Higher rates for longer" increase the risk of long and variable lags
- Moderating core inflation measures though still above central banks' target.
- Persistently weak manufacturing activity globally.
- Rising oil prices (but this generally bodes well for the GCC region).
- War outbreak in the region - Israel v. Hamas.
- China's indebted real estate sector.
- Student loan repayment resumption in the US could tame the consumer economy - expected to subtract 0.4% from consumer spending in 2024.
- Washington dysfunction.

MSCI All Country World Index	S&P 500	Euro Stoxx 600	FTSE 100	MSCI Emerging Markets Index
-3.07%	-2.20%	-3.68%	-3.76%	-3.95%

US Dollar Index	Bitcoin	Crude Oil (Brent)	Gold
-0.01%	28.82%	-7.88%	7.28%

Regional Markets

Both Brent crude prices and GCC markets fell in October, although oil prices spiked at the onset of the Israel-Hamas war. The US responded by loosening sanctions on Venezuela, easing some of the supply pressures caused by the conflict - it has since threatened to reverse the move in response to the latest political developments in Venezuela. While risk of the war escalating remains, there seems to be some restraint on the greater Middle East plus overwhelming calls for a ceasefire by the UN General Assembly could potentially thaw tensions. All GCC indices closed lower led by the QSE.

IEA says world fossil fuel demand is set to grow by 2030 as more electric cars hit the road and China's economy grows more slowly and shifts towards cleaner energy, though demand for oil and gas will then remain flat until 2050, while it falls sharply for coal. The forecast diverges from that of OPEC, which expects oil demand to continue rising until 2045. The IEA thinks that 50% of new car registrations in America by 2030 will be for electric vehicles. It also forecasts a big uptake of heat pumps in the EU and of solar power in China.

GCC S&P Index	FADG	DFM	TASI	QSE
-4.82%	-4.51%	-6.88%	-3.31%	-7.11%

Other News

- OpenAI is in talks to sell existing employees' shares at an \$86bn valuation.** At \$86bn, it would leapfrog the likes of Stripe and Chinese online retailer Shein to become one of the world's most valuable closely held companies, behind Elon Musk's SpaceX and TikTok parent ByteDance.

- US economy grew at the fastest pace in nearly two years in Q3 on a burst of consumer spending.** GDP accelerated to a 4.9% annualized rate, more than double the second-quarter pace and ahead of the 4.3% expected, according to preliminary estimates.

- ECB unveiled the first pause in interest-rate hikes since June 2022,** and insisted any faster wind-down in bond holdings - a prospect that could heap pressure on highly indebted Italy - wasn't even discussed.

- PATA 'Annual Tourism Monitor 2023' report shows that international visitor arrival (IVA) numbers in 2022 were the strongest since 2019,** and strengthened significantly during the early periods of 2023. PATA forecasts of visitor demand indicate that, under the medium scenario, international visitor numbers by the end of 2023 are predicted to exceed 516 million, approaching 76% of the pre-pandemic levels of 2019. This is expected to further increase to 107% in 2024 and 116% in 2025.

- Stellantis will acquire 21% of Leapmotor, a Chinese electric-vehicle start-up, for €1.5bn (\$1.6bn).** The European carmaker, which has struggled in China, will form a new joint venture to sell Leapmotor's EVs around the world.

- US government almost doubled its deficit to \$2.02trn for the fiscal year through September,** after adjustments to remove the impact of Biden's student-loan forgiveness program.

- More than two-thirds of respondents, 68%, expect deal activity to increase in Africa over the next two years,** with 31% expecting it to increase significantly, accounting firm KPMG said in the survey titled 'Doing Deals in Sub-Saharan Africa'. South Africa and Nigeria will see the lion's share of an expected rise in mergers and acquisitions.

- Eurozone October Composite PMI has been reported at 46.5, weaker than expectations of 47.4.** Manufacturing PMI came in at 43.0, weaker than expectations of 43.7. Services PMI was at 47.8, weaker than expectations of 48.7.

- UK October Manufacturing PMI has been reported at 45.2, stronger than expectations of 44.7.** Services' PMI came in at 49.2, weaker than expectations of 49.3.

- IMF expects UAE's real GDP to grow around 3.5% this year,** benefiting from strong domestic activity as its fiscal and external surpluses remain high on the back of high oil prices. Average inflation will remain contained at around 3% in 2023, down from 4.8% in 2022. The fiscal balance is expected to be around 5% of GDP in 2023.

- Only 12% of MENA's largest 200 companies have a net zero target** and only 6% have a road map, according to WEF Centre for Nature and Climate.

- UAE was the top performer in GCC in IPO value, generating \$3.9bn from four listings in the first nine months of 2023,** according to Kuwait Financial Centre (Markaz). Total value of GCC IPOs reached \$6.8bn in first nine months of 2023.

- Investing in green and sustainable projects could expand the GDP of Gulf countries to \$13trn by 2050.** The figure is double the projected \$6trn regional GDP, the Gulf Investment Report 2023, published by Century International Holdings.

- FAB posted a Q3 2023 net profit of AED4.3bn (\$1.17bn),** 46% higher year-on-year, and beating estimates.

- Dubai-based retail conglomerate Majid Al Futtaim (MAF) shared plans to invest around EGP24.6bn (\$796 million) in Egypt by 2030**

- Abu Dhabi's off-plan residential market has seen a surge in demand.** Off-plan home sales surged by 101.6% in the third quarter of the year, outpacing the 46% growth in secondary market sales

- Saudi Arabia's GDP crossed the \$1trn mark for the first time in 2022,** fuelled by robust investment from the private and public sectors, non-oil revenue growth and continued diversification, PwC said in its inaugural "Saudi Economy Watch" report.

- Film AIUla and Hollywood production company Stampede Ventures signed a \$350mn three-year deal to bring 10 projects to Saudi Arabia's historic locations.**

- Bahrain's GFH Financial Group confirmed it will acquire a Saudi Arabian food services and logistics business for SAR500mn (\$133mn).**

- Saudi Arabia's mega project NEOM set up a \$10bn logistics JV with DSV,** a Denmark-based freight forwarder. NEOM will hold 51% of the JV with DSV holding the remaining 49%.

- ADQ's portfolio jumped to \$200bn,** backed by the performance of the emirate's main utility Taqa, Global SWF said.

- Investcorp Capital plc, an Abu Dhabi Global Market-based investment investor, announced its intention to proceed with an IPO and list its stock on the Abu Dhabi Securities Exchange.** The company plans to offer 321,500,000 new shares while 321,500,000 shares will be sold by selling shareholder, Investcorp S.A. Together, they represent approximately 29.34% of the total issued share capital of the company post issuance of the new shares.