MULTIPLY
GROUP

INVESTORS' UPDATE

OCTOBER 2024 | ISSUE 34

Contents:

OUR UPDATES

Multiply Group registered 47% YoY Revenue Growth across its operating portfolio on the back of 3 acquisitions in 2024, while advancing on its Year of Efficiency programme.

Multiply Group reported its Q3 2024 results with a net profit excluding fair value changes of AED 207 million, bringing net profit for the first nine months to AED 920 million. The year-to-date strong performance (+13% year-on-year) reflects the successful integration of recent acquisitions, aligning with the Group's strategy of building vertical expertise within its portfolio. Reported net profit for the quarter of AED 744 million includes AED 537 million unrealized fair value gains from the public investment portfolio.

Samia Bouazza, Group CEO and Managing Director of Multiply Group, commented: "In Q3 2024, Multiply demonstrated strong performance across its verticals, successfully integrating recent acquisitions to achieve new synergies while advancing our strategy of building vertical expertise within the Group's portfolio. Our Group revenue in Q3 2024 increased by 47% compared to the same period last year to AED 518 million, driven by the consolidation of 3 new acquisitions in 2024 along with the organic growth across all verticals, while the blended gross profit margin remained healthy at 44%. In this quarter, we reported net profit excluding fair value changes of AED 207 million, bringing net profit for the first nine months to AED 920 million.

Operationally, Multiply Media is capturing increased market share and unlocking additional revenue through increased capacity. Strategic investment and business integration across the Mobility and Beauty portfolios also support group revenue growth.

Finally, the Group's efficiency programme, launched in Q2, accelerated significantly during the quarter. The programme has now achieved over AED 25 million in efficiency gains, more than half the Group's AED 45 million target, which includes identifying new revenue gains, savings in procurement, and areas to consolidate or restructure roles and businesses. Looking ahead, we will be deploying AI capabilities to identify additional, unseen opportunities to make our operations even more efficient."

Balance sheet remains strong, with cash balance of AED 1.88 billion and additional liquidity of up to AED 4 billion available for future investments. This financial flexibility reflects a disciplined approach to capital allocation, as evidenced by the approximately AED 1 billion deployed in 2024 in three strategic acquisitions that align with Multiply's vertical building strategy.

Unlocking Value with Marginal Gains

Mezier Briefkani, Transformation & Growth Director at Multiply Group, discusses how the concept of marginal gains—originating in sports and now widely embraced in business—has become a powerful driver of performance. By identifying and optimizing even the smallest inefficiencies or underutilized resources, these incremental improvements accumulate to enhance operational effectiveness and financial outcomes. As part of Multiply Group's 'Year of Efficiency' initiative, the Group have identified up to AED 45 million in potential EBITDA uplift through revenue synergies, cost optimization, and digital transformation. By applying both big moves and marginal gains across all it's businesses, the Group is well on track to achieving this target.

Watch the Video Through this Link

Multiply Group Achieves over 50% of its Year of Efficiency programme Targets

Multiply Group's efficiency programme which launched in Q2 has accelerated significantly in Q3 2024, achieving over AED 25 million of efficiency gains (over 50% of the Group's AED 45 million target).

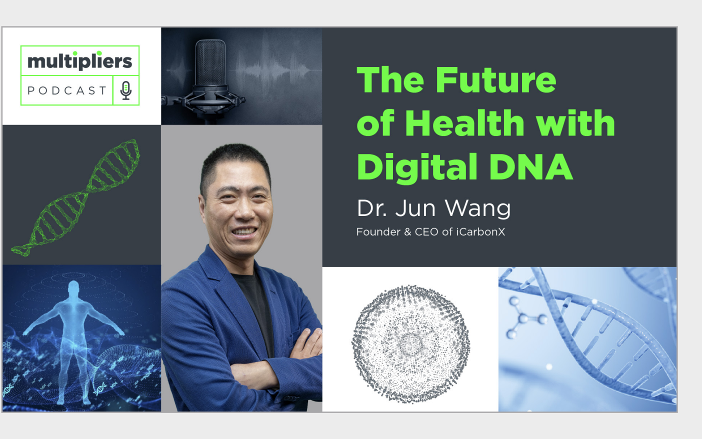
The Group's impactful cost-cutting initiatives include identifying savings in procurement, consolidating duplicated roles as it grows, and restructuring to remove business layers. On the revenue side, Multiply Group has captured more market share in media given its significant presence across three dominant OOH brands in the UAE. It has also unlocked revenue within mobility by restructuring the training schedule of Emirates Driving Company (EDC) to add more trainer capacity. Digital transformation has also enabled the Group to be more efficient. Here it has automated backend processes, launched new revenue sources with a focus on programmatic within Media—which leverages AI to automate ad buying for improved targeting and revenue growth— and modernised its technology infrastructure to enable better decision making. The Group has also launched new online portals & services, reduced cash transactions, and gathered insights into customer spend behaviours.

Going forward, the Group aims to leverage AI and advanced technologies across its businesses to extract additional value. This includes driving increased revenue productivity, such as using predictive maintenance for EDC's vehicles to ensure maximum utilisation, as well as cost optimization initiatives like automating proposal generation to save man-hours within its media operations.

The Future of Health with Digital DNA

In this episode of the Multipliers Podcast, Dr. Jun Wang shares his work on digital doppelgangers and AI-driven platforms, paving the way for better health management and disease prevention through big data.

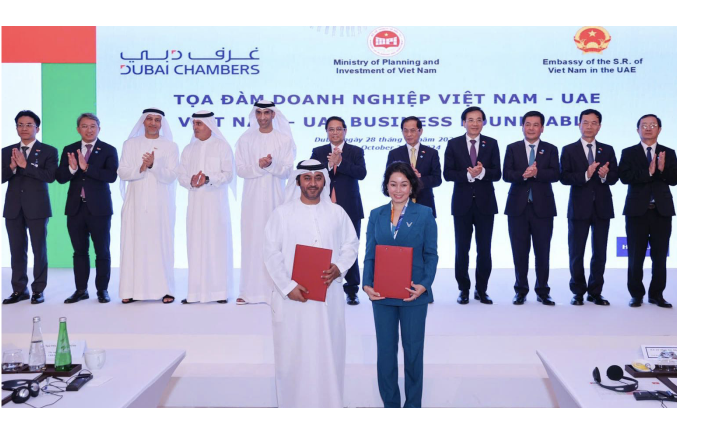
Check out the full episode on Spotify, Apple Podcasts, Google Podcasts, and our YouTube channel



SUBSIDIARIES' NEWS

Emirates Driving Company and VinFast sign MoU to Explore Collaboration in Mobility

Multiply Group's Emirates Driving Company (EDC), the UAE's leading driver training and road safety provider, has signed a strategic partnership with VinFast, Vietnam's top electric vehicle manufacturer to explore collaboration in mobility. Through this partnership, EDC aims to advance electric vehicle training and road safety initiatives, reflecting its commitment to promoting sustainable mobility. Under the MoU, EDC will lead a consortium of investors to explore establishing an assembly line for electric vehicles in the Emirate of Abu Dhabi, and to explore areas of cooperation in driver training in Vietnam. The signing took place during the Vietnam-UAE Business Forum, held as part of Prime Minister of Vietnam Pham Minh Chinh's visit to the United Arab Emirates, accompanied by a high-level Vietnamese delegation.



Emirates Driving Company achieved 40% YoY underlying EBITDA growth in Q3

Emirates Driving Company delivered 40% YoY underlying EBITDA growth largely driven by the consolidation of Excellence Premier Investment, parent company of the renowned Excellence Driving Centre, in July 2024 coupled with effective cost management strategies at EDC level. The company achieved a net profit of AED 207 million in the first nine months of 2024, an increase of 7% compared to the same period last year. The net profit for the third quarter amounted to AED 87 million, an increase of 27%. Substantial upgrades to EDC's Online Booking Portal have significantly streamlined the student registration process, leading to a 3x year-on-year increase in online registrations, resulting in increased customer satisfaction rates and fewer inquiries to the Customer Happiness department. Other EDC initiatives are ensuring more effective utilisation of resources to cater to customer demand and drive revenue growth.

BackLite Media Partners with VIOOH to Bring its Programmatic Digital Out-of-Home Platform to the Middle East

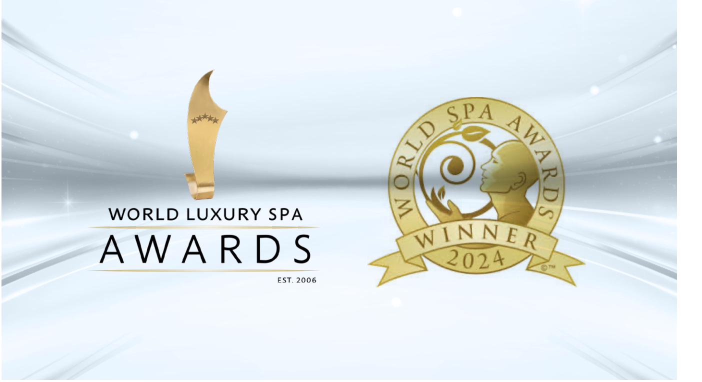
BackLite Media announced its partnership with VIOOH, a global Digital Out-of-Home (DOOH) supply-side platform, marking their first entry into the Middle East's DOOH market. This partnership is a significant milestone for both companies as they expand their regional presence and strengthen their influence in the UAE. With VIOOH's global programmatic platform, which leverages AI to automate ad buying for improved targeting and revenue growth, advertisers can seamlessly connect with BackLite's premium digital inventory featuring over 300 digital screens across Dubai and Abu Dhabi, reaching residents and the UAE's growing international visitors. BackLite Media boasts prime locations along Dubai's busiest road, Sheikh Zayed Road, and a vast indoor and outdoor screen network in prominent malls and destinations across Dubai and Abu Dhabi. This provides advertisers with highly targeted audience options, reaching commuters, global tourists, residents, and shoppers.

Multiply Group's Beauty Vertical Profitability Surged 122% YoY in Q3 2024

The vertical's profitability (EBITDA) surged 122% year-on-year largely led by the consolidation of Juice Spa & Salon in Q4 2023 and The Grooming Company Holding (TGCH) in June 2024. The Group is now aiming for a unified platform within its Beauty vertical, focusing on productivity gains and updates. These include integrating new capabilities from TGCH to complement existing strengths at Omorfia Group, such as its franchise model. With increased scale, Multiply aims to improve profitability and minimise customer churn by ensuring any customer demand is met by one of its brands. Operationally, the vertical can now leverage the greater scale of purchasing to optimise Group procurement, while access to larger data sets will provide deeper analysis of customer needs and wants. An enhanced Omorfia mobile app further places the vertical at the forefront of digital innovation, creating a seamless digital experience for convenient booking, personalised promotions, and loyalty programmes at the forefront of customer-centric innovation.

Omorfia Group's affiliated companies win at World Luxury Spa Awards and World Spa Awards

Grooming for Men, and N.Bar have received prestigious awards from the World Luxury Spa Awards and World Spa Awards. Sisters Beauty Lounge, known for its comprehensive 360-degree beauty concept, has won three awards: 'Best Beauty Salon - United Arab Emirates', 'Best Female Salon - Middle East + North Africa', and 'Best Hair Salon - Middle East'. N.Bar, the GCC region's first and original nail bar chain, has won three awards: 'Best Beauty Salon - United Arab Emirates', 'Best Female Salon - Middle East + North Africa', and 'Best Hair Salon - Middle East'. While 1847, the one-stop shop male grooming lounge, has won two awards 'Global Luxury Male Spa' at World Luxury Spa Awards and 'Best Male Grooming Salon at world Spa Awards.



MARKET MONITOR

Global Markets

The MSCI ACWI declined 2.3% in October (September: +2.2%), the first monthly decline in six months. Global equities are still up 14.5% YTD. Bar Japanese equities, it was a broad-based decline among major markets. Both equity and bond volatility spiked, while the yield on the US 10-year government bonds rose a whopping 50.3bps to 4.290%. Following are some of the overriding themes that drove market sentiment during October:

1. **Mixed but mostly disappointing big tech earnings/guidance, specifically as investors feel that RoI on current and future AI investments is not convincing**
2. **Stronger US labour markets than expected**
3. **Slight picking up of inflation in the US and Europe, but perhaps nothing too worrying**
4. **Upbeat Q3 growth rate, particularly from the eurozone and China. The US remains strong but printed lower than expectations.**
5. **Operationalization of some of China's stimulative policies announced at the end of September, though the market has been disappointed by the lack of clarity on fiscal stimulus**
6. **Direct confrontation between Iran and Israel**
7. **In its latest projections, the IMF expects global growth to remain steady at 3.2% this year and next.** It projected global public debt to surpass $100trn by year-end, with the debt-to-GDP ratio expected to reach **93%,** highlighting significant fiscal challenges in major economies, particularly the US and China, raising questions about future growth and financial stability.

MSCI All Country World Index	S&P 500	Euro Stoxx 600	FTSE 100	MSCI Emerging Markets Index
-2.3%	-1.0%	-3.3%	-1.5%	-4.4%

US Dollar Index	Bitcoin	Crude Oil (Brent)	Gold
3.4%	11.2%	3.2%	4.2%

Regional Markets

The S&P GCC regional equity performance indicator declined 1.2% in October (September: +1.3%). Bar the DFM, most sub/country indices that we follow all saw losses. Brent rose by 3.2%, driven by rising geopolitical tensions in the Middle East, particularly fears of an Israeli-Iranian conflict that could disrupt global oil supplies. Meanwhile, Opec downwardly revised demand outlook for this year and next. The Opec+ cartel has also agreed to push back its planned December output production increase by another month.

The ADX declined by 1.0% in October compared with a decrease of 0.6% in September. Growth in UAE's non-oil business sector slowed in September as business activities witnessed the weakest expansion in three years, with reduced new orders and fewer employment opportunities.

GCC S&P Index	FADG	DFM	TASI	QSE
-1.2%	-1.0%	1.9%	-1.7%	-0.8%

Other News

- **OpenAI, the maker of ChatGPT, completed a $6.6bn deal that raised its valuation to $157bn.** The fundraising round was led by Thrive Capital, a venture-capital firm, and included money from Microsoft, Nvidia and SoftBank. The valuation made OpenAI only the second American start-up to be valued at more than $100bn, after SpaceX.
- **Venture capital investors in the United States remained cautious about dealmaking amid economic uncertainty,** according to a PitchBook-NVCA report. About $37.5 billion of deals were clinched in the third quarter, nearly 32% lower than the preceding quarter.
- **Renewables are being deployed so fast, they are outpacing governments' own existing targets** (IEA). Nearly 70 countries that collectively account for 80% of global renewable power capacity are poised to reach or surpass their current renewable ambitions for 2030.
- **In its annual report the International Energy Agency said that investment flows to clean-energy projects were nearing $2trn a year,** almost double the combined amount spent on new oil, gas and coal supply, and that China accounted for 60% of the renewable capacity added globally in 2023.
- **The S&P Global Flash US Manufacturing PMI edged up to 47.8 in October 2024 from a 15-month low of 47.3 in September and compared to forecasts of 47.5.** The reading signaled a deterioration in business conditions in the manufacturing sector for a fourth consecutive month but with the rate of decline moderating to the slowest since August.
- **Artificial general intelligence (AGI), technology which matches or surpasses human intelligence and cognitive abilities, is just three to five years away** and could cause unemployment of up to 15-20%, according to New York-based investment company Valor Capital Group.
- **Sovereign wealth funds (SWFs) from the GCC deployed $55 billion in capital across 126 different transactions during the first nine months of 2024.** The transactions represented 40% of all deal-making by sovereign investors globally.
- **According to data released by Global SWF, Abu Dhabi is the world's richest city by SWFs,** with US$ 1.7trn as of October 2024. **Investments in start-ups across the MENA region posted a double-digit decline during the first nine months of the year,** but funding activity has remained "relatively resilient," according to new research by Magnitt. Start-ups secured a total of $1.316 billion, a 13% drop y/y, while the number of deals also fell by 6% to 352.
- **MENA equity capital markets (ECM) raised $21 billion in equity and equity-related issuances in the first nine months of 2024,** boosted by a $12.3 billion stock sale by Saudi Arabia's Aramco. This marks a 154% increase from year ago levels.
- **Dubai and Abu Dhabi rank number one and two, respectively, for the Middle East and Africa region in the latest Global Financial Centres Index.** Globally, Dubai ranks 16th while Abu Dhabi is 35th.
- **Kuwait is planning to build a giant economic city** comprising more than 22,000 houses, hotels and other facilities at a cost of nearly one billion dinars ($3.3bn).
- **An estimated $1bn in investment banking fees were generated in MENA** during the first nine months of 2024, 27% more than the value recorded a year ago.
- **Growth in the MENA region is expected to rebound to 4% next year,** but will hinge on a phase out of oil production cuts and headwinds subsiding, including from conflicts, the IMF said.