

MULTIPLY GROUP

INVESTORS' UPDATE

JULY 2023 | ISSUE 19

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OUR UPDATES

Multiple Group Reports Net Profit Excluding Fair Value Changes of AED 215 million for Q2 2023, a 101% Increase Compared to the Same Period Last Year – Closes Q2 with AED 400 million in Net Profit

Multiple Group has reported a net profit of AED 400 million for Q2 2023, compared with AED 127.31 million in the corresponding period of last year. The profit from Multiple Group's operating entities witnessed a surge of 33.6% in Q2 2023, compared to the same period last year. This increase excludes both realised and unrealised capital gains. Multiple Group's strong Q2 results were driven by the excellent operational performance of its subsidiaries, which in turn generated robust recurring income for the Group.

In comparison to the half-year performance, profit excluding fair value movement, Multiple Group reported a substantial increase of 146.23% from H1 2022 to H1 2023. The Group's current public market portfolio stands at a value of AED 33.4 billion, versus an invested amount of AED 12.3 billion.

Samia Bouazza, Group Chief Executive Officer and Managing Director at Multiple Group, commented: "Our Q2 earnings report for 2023 highlights the growth across our diversified portfolio of assets, driven by our pursuit of creating long-term value through strategic investments. We report a profit of AED 215 million, excluding fair value changes, reflecting our focus on acquiring and growing assets that yield strong recurring income.

We expanded our Media portfolio by acquiring a 55% stake in Media247 and invested USD 100 million in EIG, which offers a very attractive dividend profile.

We also reaffirmed our commitment to societal contribution and environmental sustainability, as demonstrated in our work with 4ocean, Logos Hope, and the mangrove plantation project in the UAE.

Looking ahead, we remain focused on building our verticals, growing our operating businesses, and further enhancing our income streams to power sustained growth. With access to AED 2 billion in cash and over AED 4 billion in financing capacity, we continue to seek lucrative opportunities here in the UAE and globally."

[Read more through this link](#)



Multiple Group Invests AED 367 million in EIG's Breakwater Energy

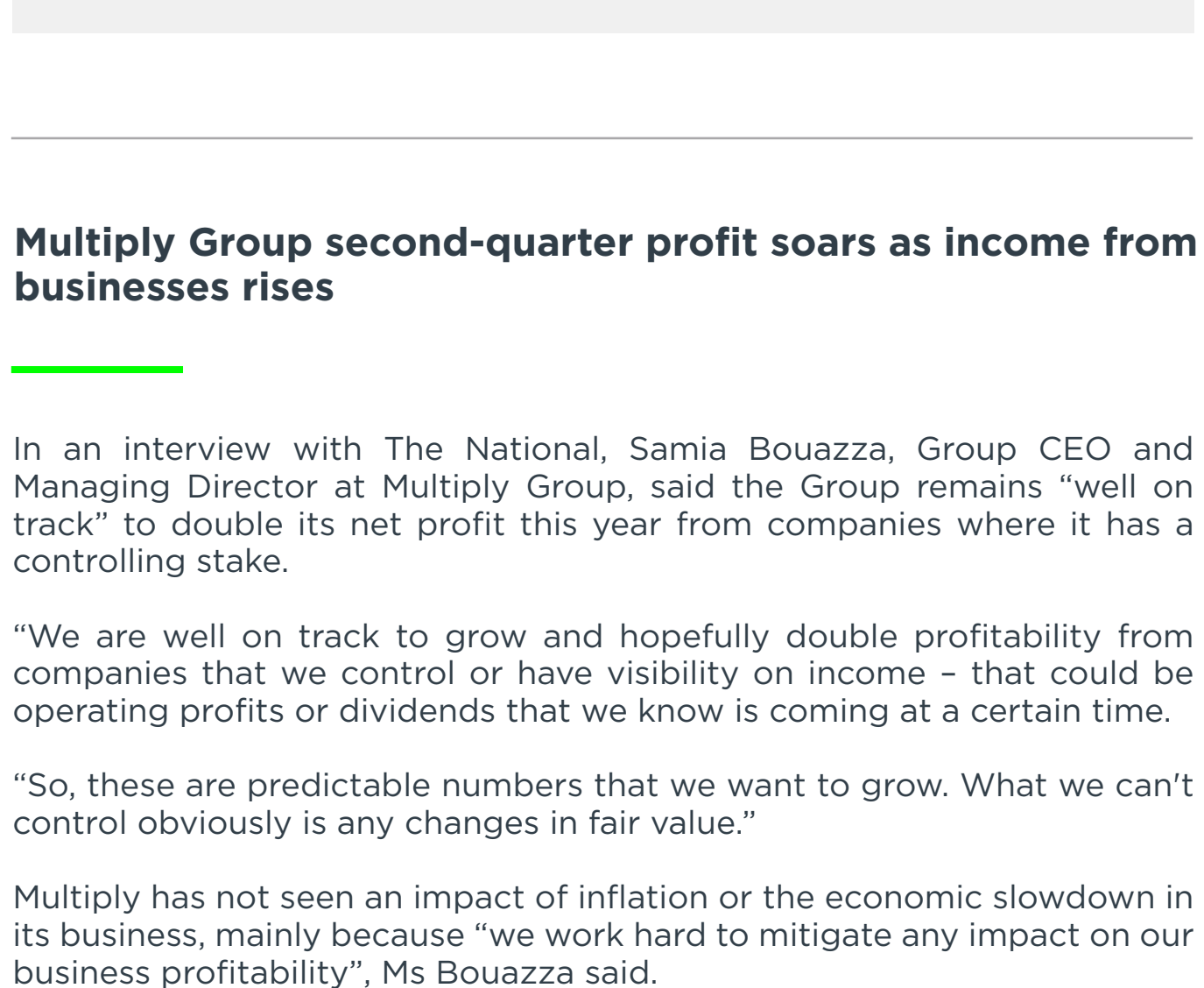
Multiple Group is acquiring a minority interest in Breakwater Energy for AED 367 million (\$100 million). This investment comes under Multiple+, the Group's sector-agnostic arm that is more opportunistic in nature.

Through this acquisition, Multiple Group will become part owner of a highly profitable and cash generative, diversified global upstream portfolio with significant gas weighting and reserve life, offering an attractive dividend profile.

Commenting on the acquisition, Samia Bouazza, Group CEO and Managing Director at Multiple Group, said:

"The minority stake in Repsol E&P through EIG's Breakwater Energy is a good fit for our Multiple+ portfolio, which identifies attractive dividend-paying investments with mid-to-short term horizon. Repsol's management have a strong, proven track record and EIG is one of the world's leading energy investors, which provides us confidence in their collective ability to deliver on Breakwater Energy's ambitious plans. Multiple Group is well-positioned to continue exploring high-value acquisition opportunities and Repsol's plans to utilise this investment to fuel low carbon energy projects makes this transaction particularly interesting for us."

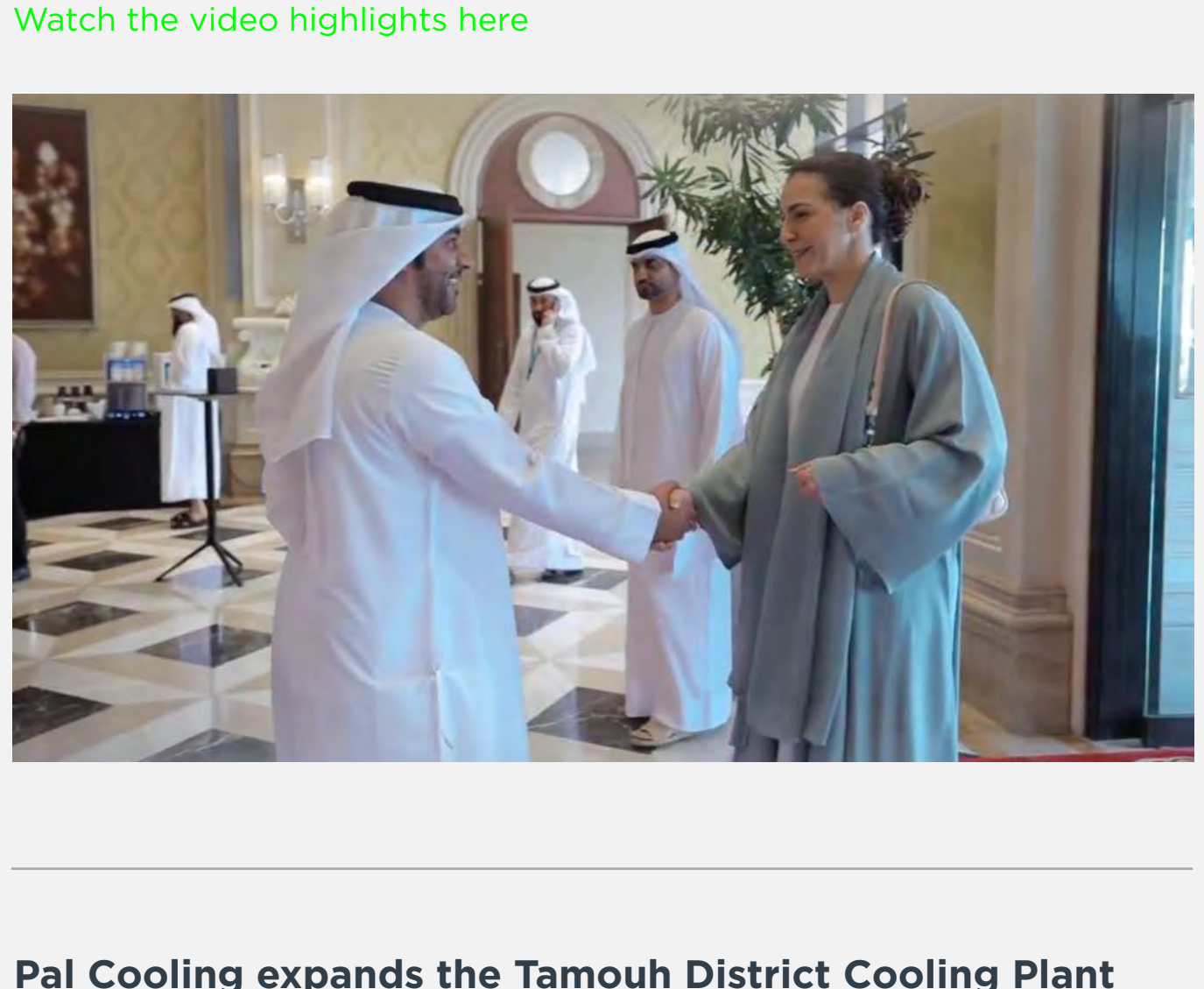
[Read more through this link](#)



Multiple Group completes its Corporate Wellness Program

Multiple Group has completed the last phase of its Corporate Wellness Program in collaboration with HelathierU. This phase, which lasted for 6 months, has contributed to the reduction of chronic diseases among high-risk employees across the group. It included a comprehensive health assessment covering personalised nutritional sessions, GP consultations, fitness challenges, biometric screenings, blood tests, well-being webinars, and more.

Employees who successfully reduced their biometrics and adhered to the program schedule were rewarded with gift vouchers at the end of the program.



MEDIA

Abu Dhabi's Multiply is having its way with numbers, as 'cornerstone' investments pay off

(Gulf News) - Abu Dhabi's Multiply Group has a way of dazzling with numbers.

The ADX-listed Multiply, part of the IHC group's high-visibility entities, is continuing the good run into 2023, where at the halfway mark, net profit has totalled Dh400 million. At gross margins that are a substantial 51.6 per cent, while net assets swelled to a tad over Dh42 billion.

And the value of its public markets' portfolio? A whopping Dh33.4 billion, with the invested amount being Dh12.3 billion.

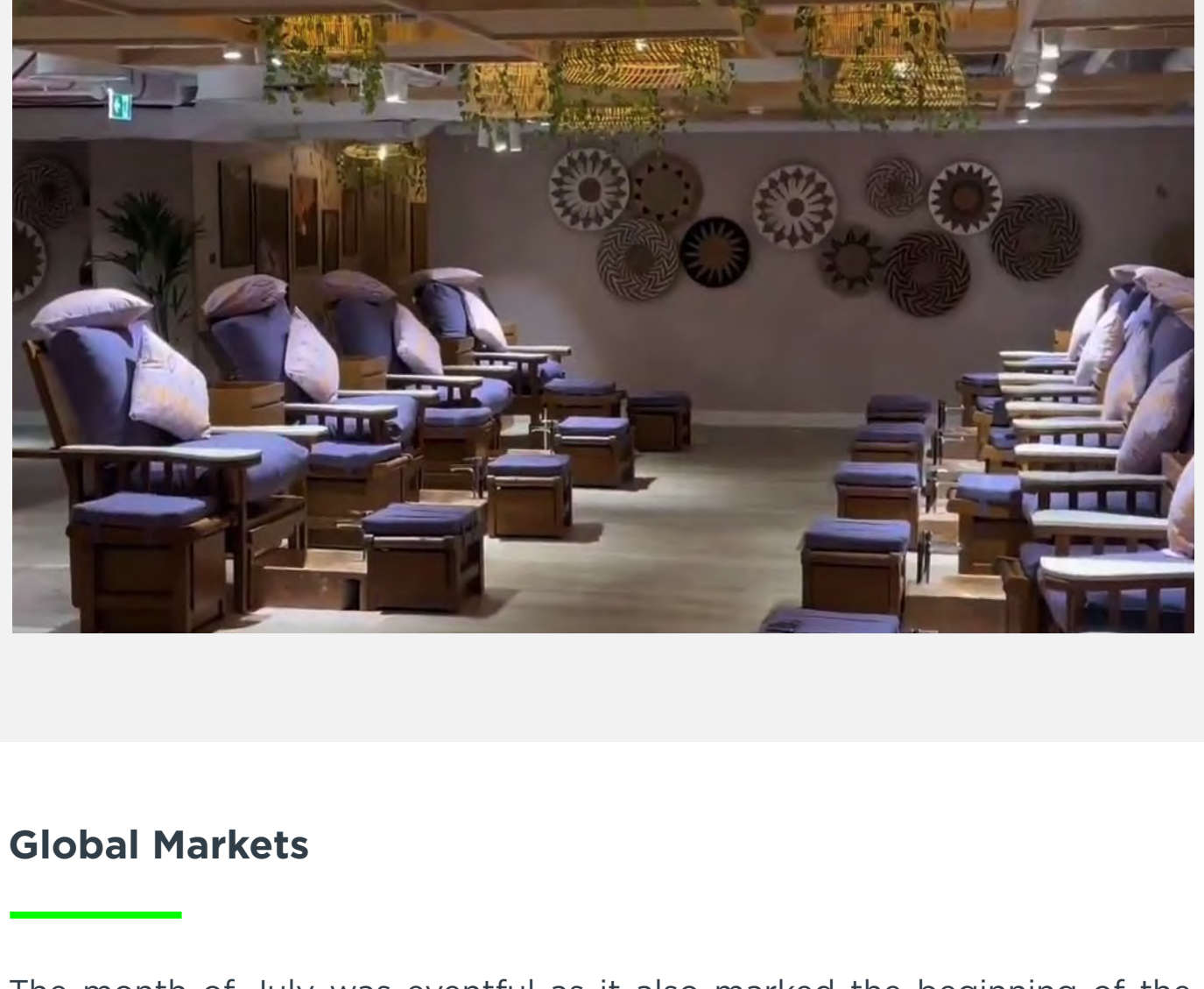
The Group isn't done with the deployments - not by a long stretch.

"We go for companies that we believe can grow because they have the management, the technologies they possess, and the competitive advantages to stand out," said Samia Bouazza, CEO and Managing Director at Multiple. "Our investments are not dictated by the timing of a company calling for an IPO. Those investments are incidental.

"We are well-positioned in access to good borrowings. There is no limit to how we can go about with new investments and acquisitions."

The cashflow position at the end of June was Dh2 billion, plus access to Dh4 billion and over in financing capacity.

[Read the full interview here](#)



Multiple Group second-quarter profit soars as income from businesses rises

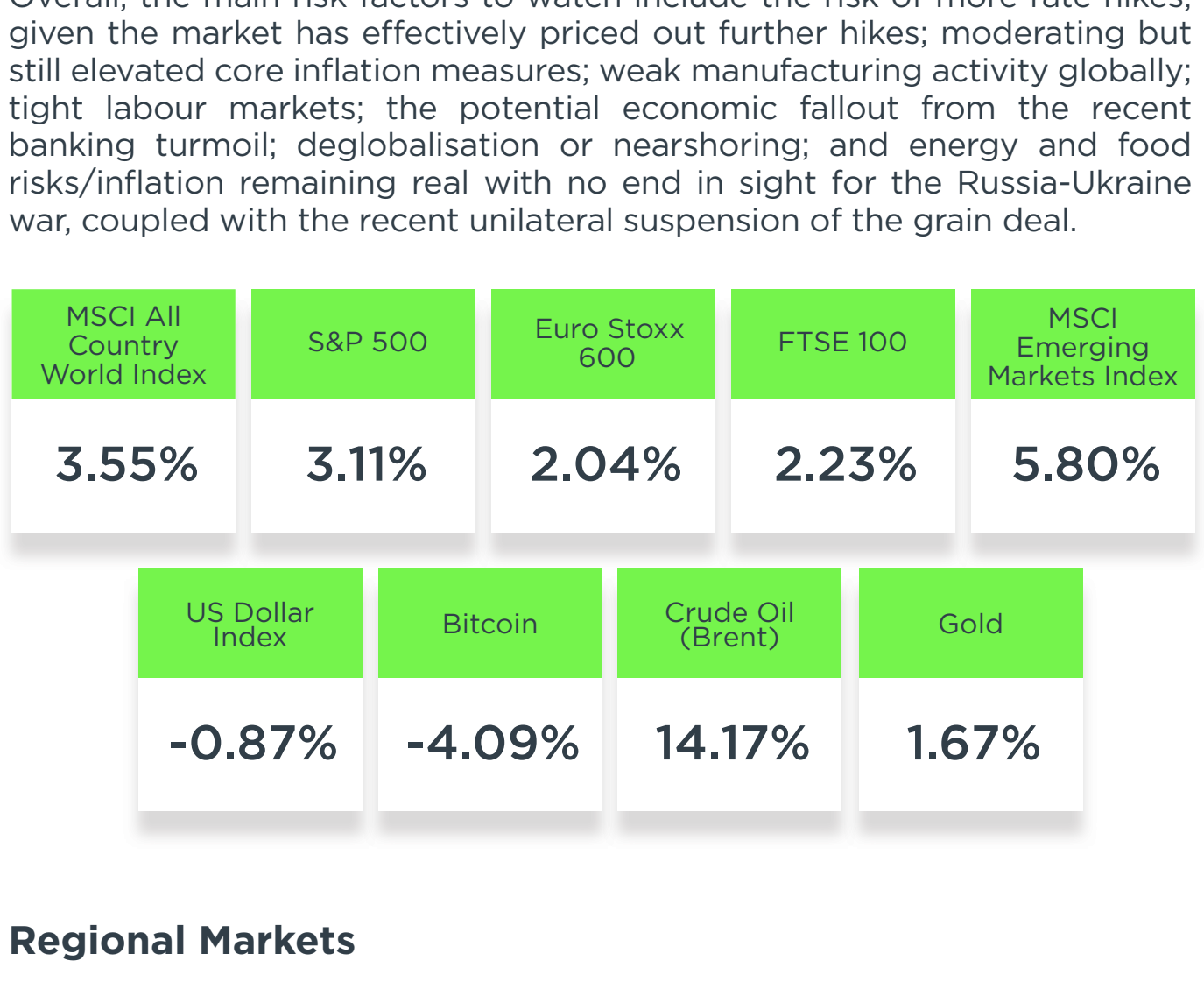
In an interview with The National, Samia Bouazza, Group CEO and Managing Director at Multiple Group, said the Group remains "well on track" to double its net profit this year from companies where it has a controlling stake.

"We are well on track to grow and hopefully double profitability from companies that we control or have visibility on income - that could be operating profits or dividends that we know is coming at a certain time.

"So, these are predictable numbers that we want to grow. What we can't control obviously is any changes in fair value."

Multiple has not seen an impact of inflation or the economic slowdown in its business, mainly because "we work hard to mitigate any impact on our business profitability", Ms Bouazza said.

[Read the full article here](#)

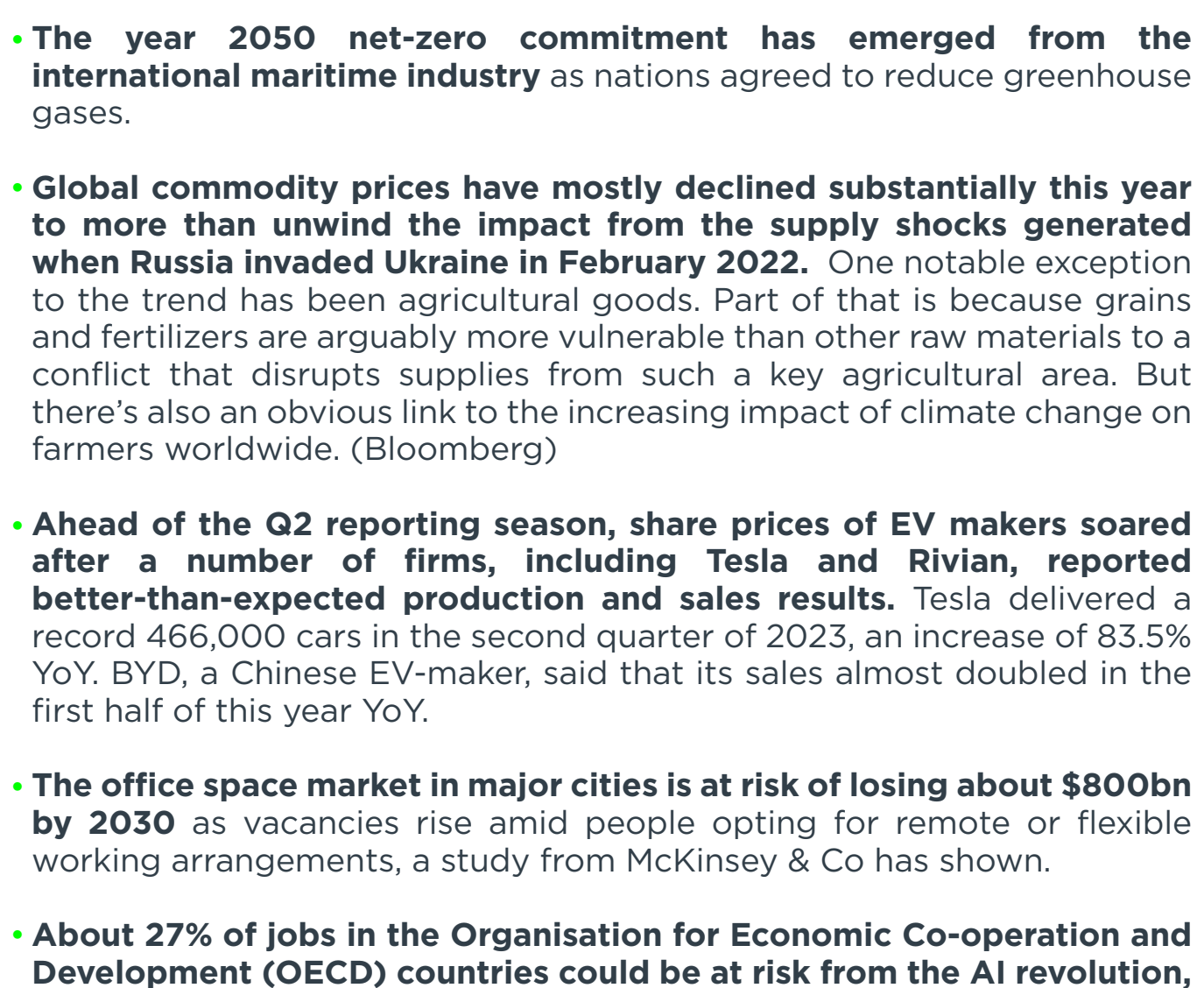


SUBSIDIARIES' NEWS

Emirates Driving hosted the 11th National Dialogue for Climate Ambition

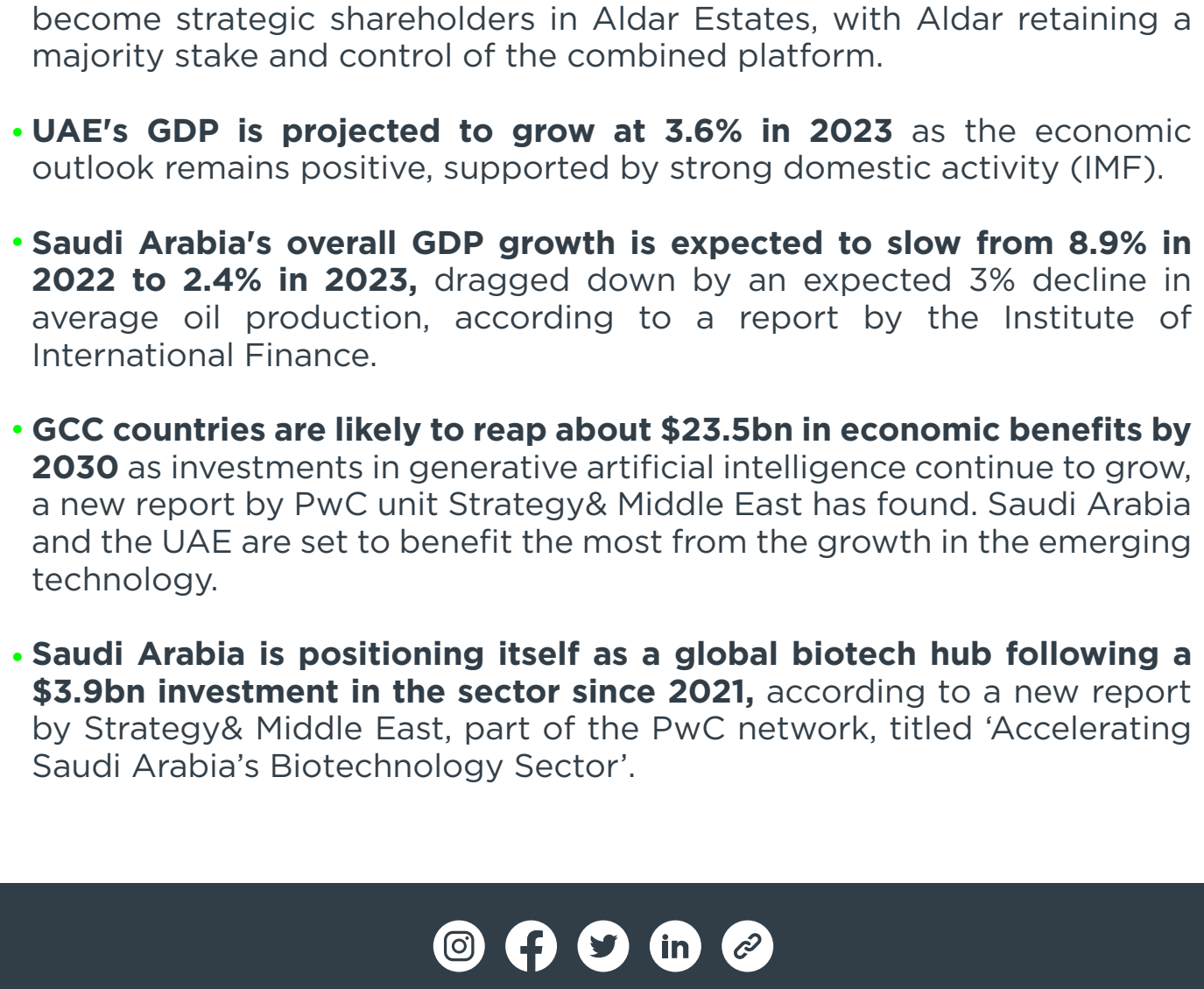
Emirates Driving hosted the 11th National Dialogue for Climate Ambition in partnership with the Ministry of Climate Change and Environment, under the theme "Accelerating the shift: Decarbonizing Ground Mobility." This is part of Emirates Driving long term strategy which is aligned with the UAE's mission on climate action, aimed at achieving net-zero emissions by 2050, in line with the government's agenda to increase the contribution of clean energy in the overall energy mix and reducing carbon emissions.

[Watch the video highlights here](#)



Pal Cooling expands the Tamouh District Cooling Plant

Multiple Group's subsidiary, Pal Cooling Holding (PCH), has successfully 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.



Bedashing Beauty Lounge wins at FACT Spa & Wellness Awards 2023

Congratulations to Bedashing Beauty Lounge on being voted the favourite beauty salon in various locations in the UAE.

With 23 branches, the award-winning salon continues to grow and expand to offer its customers comprehensive beauty services across the Emirates.

[For more information on Bedashing Beauty Lounge, Click here](#)

Tips & Toes opens its 39th branch

Tips & Toes expands its services with a new branch in Reem Mall, Abu Dhabi, bringing the brand's Bali-inspired five-star service and spa treatments to the Island and its surrounding areas.

[For more information on Tips & Toes, click here](#)

Global Markets

The month of July was eventful as it also marked the beginning of the global earnings reporting season which so far has been largely in line with expectations, but marks the steepest YoY earnings decline since Q2 2020. Also, August has begun on a rather awkward note as rating agency Fitch downgraded the US government sovereign credit ratings to AA+ from AAA, citing a "steady deterioration" in fiscal governance. This is not the first time this has happened. When S&P pulled a similar stance in 2011, it had a short-lived impact on markets. Since the US credit is the benchmark used globally, the move puts investors in a quagmire as there are no good alternatives - you could argue the US is the "best among the flawed". This is why this latest move by Fitch will also likely have a short impact on markets. Overall, in July markets were largely influenced by several push and pull factors that included the following:

Bull Factors

- US CPI and PCE accelerated disinflation; Better UK CPI than feared
- Strong US GDP
- China announced various pushes to support its real estate sector, weighed down by extreme indebtedness, as well as other consumption-friendly moves: Its multi-year weak CPI reading gives it room to support consumption further although the PBOC remains reluctant to do anything massive
- Earnings are largely mixed and not worse-than-feared overall
- Largely resilient labor markets led by the US
- Chinese authorities demonstrated their goodwill towards its big tech which had been under a cloud of regulatory uncertainty for the past couple of years.

Bear Factors

- Hawkish June FOMC minutes; July Fed, ECB hikes and the view that it is the end of the tightening cycle; BoJ flexing its policy rate to a tighter one
- Poor China GDP; Mixed EU GDP but largely weak
- Synchronised weak manufacturing sector globally
- Rare-earth's export restrictions by Beijing
- The US Supreme Court ruling cancelling the student loan relief program

Outlook & Risks

The global economic outlook is somewhat more balanced compared to a rather sombre outlook earlier in the year, thanks mainly to the US economy which continue to show unexpected resilience - chiefly driven by a strong labour market and the consequent robust consumer demand. This is good for the global economy if we go by reversing the adage, "if America catches a cold, the whole world sneezes". The US grew 2.4% in Q2, comfortably beating the 1.8% expected; that is balanced against China which undershot expectations. The IMF has since upgraded its 2023 global GDP outlook to 3.0% from an earlier projection of 2.8% amid resilient service sector activity in the first quarter and a strong labour market. For markets, there is an added air of relief derived from the belief that the Fed's July rate was the last. It is also increasingly likely the ECB will be compelled not to hike due to a weaker economy even though inflation remains much more of a problem compared with the US.

Overall, the main risk factors to watch include the risk of more rate hikes, given the market has effectively priced out further hikes; moderating but still elevated core inflation measures; weak manufacturing activity globally; tight labour markets; the potential economic fallout from the recent banking turmoil; deglobalisation or nearshoring; and energy and food risks/inflation remaining real with no end in sight for the Russia-Ukraine war, coupled with the recent unilateral suspension of the grain deal.

MSCI All Country World Index	S&P 500	Euro Stoxx 600	FTSE 100	MSCI Emerging Markets Index
3.55%	3.11%	2.04%	2.23%	5.80%

US Dollar Index	Bitcoin	Crude Oil (Brent)	Gold
-0.87%	-4.09%	14.17%	1.67%

Regional Markets

The central banks of the UAE, Saudi Arabia, Bahrain and Qatar followed the Fed in raising their benchmark borrowing rates due to their currency pegs to the greenback. The UAE Central Bank raised its benchmark borrowing rate for the overnight deposit facility to 5.15% from 4.9%. The Saudi Central Bank, raised its repo rate by a quarter-point to 5.75% and its reverse repo rate to 5.25%.

Meanwhile, Brent crude price remains under pressure despite efforts to shore up the price by Opec+, which has announced production cuts. It seems two important factors are at play. First, the fear of a global slowdown, despite China's reopening, has been a dampener on oil prices. Second, reports suggest Russia has been compelled to pump out more oil in light of the below-market price its oil is trading at. The month of May accounts for more than half of Brent's decline since the beginning of the year. However, Opec's production cuts should provide a floor for the oil price. Consequently, regional markets were mostly down in May.

GCC S&P Index	FADG	DFM	TASI	GSE
3.34%	2.48%	7.05%	2.04%	8.82%

Other News

- **China slapped export curbs on gallium and germanium**, materials that are used in semiconductors, electric vehicles, and other chipmaking and communications equipment. This is likely to further disrupt the global supply chain.
- **Australia's central bank left its benchmark interest rate on hold at 4.1%**, which surprised some economists. The bank raised the cash rate in June and sent out hawkish signals about further increases. At this week's meeting the rate-setters suggested that they wanted to evaluate the effect of previous increases, but didn't rule out more tightening in the future.
- **The year 2050 net-zero commitment has emerged from the international maritime industry** as nations agreed to reduce greenhouse gases.
- **Global commodity prices have mostly declined substantially this year to more than unwind the impact from the supply shocks generated when Russia invaded Ukraine in February 2022.** One notable exception to the trend has been agricultural goods. Part of that is because grains and fertilizers are arguably more vulnerable than other raw materials to a conflict that disrupts supplies from such a key agricultural area. But there's also an obvious link to the increasing impact of climate change on farmers worldwide. (Bloomberg)
- **Ahead of the Q2 reporting season, share prices of EV makers soared after a number of firms, including Tesla and Rivian, reported better-than-expected production and sales results.** Tesla delivered a record 466,000 cars in the second quarter of 2023, an increase of 83.5% YoY. BYD, a Chinese EV-maker, said that its sales almost doubled in the first half of this year YoY.
- **The office space market in major cities is at risk of losing about \$800bn by 2030** as vacancies rise amid people opting for remote or flexible working arrangements, a study from McKinsey & Co has shown.
- **About 27% of jobs in the Organisation for Economic Co-operation and Development (OECD) countries could be at risk from the AI revolution**, according to the OECD Employment Outlook 2023.
- **UK consumer spending in June was stronger than anticipated, despite high inflation, as wage growth picked up:** Core Retail Sales stood at +0.8% m/m and -0.9% y/y, stronger than expectations of +0.2% m/m and -1.6% y/y. Headline Retail Sales came in at +0.7% m/m and -1.0% y/y, stronger than expectations of +0.2% m/m and -1.5% y/y.
- **Saudi Arabia and Russia took additional steps to lower oil supplies** in the hope of boosting prices. Saudi is extending a cut of 1M barrels a day until the end of August and the Russian is making an additional "voluntary" reduction of 500K b/d.
- **MENA will need to spend \$500bn in urban regeneration programmes that integrate ESG principles** and foster inclusive economic development, according to a report by Strategy& Middle East, part of the PwC network.
- **UAE is set to triple the contribution of renewable energy** in the coming seven years and inject investments of up to AED200bn.
- **Aldar Properties has joined forces with IHC and ADNEC Group to create the region's largest property and facilities management company.** IHC and ADNEC Group, a subsidiary of the investment holding company ADQ, will merge their jointly owned property and facilities management businesses, Eltizam Asset Management Group, within the Aldar Estates platform. The merger will see IHC and ADNEC Group become strategic shareholders in Aldar Estates, with Aldar retaining a majority stake and control of the combined platform.
- **UAE's GDP is projected to grow at 3.6% in 2023** as the economic outlook remains positive, supported by strong domestic activity (IMF).
- **Saudi Arabia's overall GDP growth is expected to slow from 8.9% in 2022 to 2.4% in 2023**, dragged down by an expected 3% decline in average oil production, according to a report by the Institute of International Finance.
- **GCC countries are likely to reap about \$23.5bn in economic benefits by 2030** as investments in generative artificial intelligence continue to grow, a new report by PwC unit Strategy& Middle East has found. Saudi Arabia and the UAE are set to benefit the most from the growth in the emerging technology.
- **Saudi Arabia is positioning itself as a global biotech hub following a \$3.9bn investment in the sector since 2021**, according to a new report by Strategy& Middle East, part of the PwC network, titled 'Accelerating Saudi Arabia's Biotechnology Sector'.