

Press release

Majid Al Futtaim Announces 2022 Half Year Financial Results: Prudent Financial Management and Customer-Centricity Deliver Strong Earnings Performance

Key Highlights:

- Reported an 18% increase in EBITDA to AED 1.9 billion and a 15% increase in revenue to AED 18 billion
- Registered strong performance across hotels, shopping malls and communities driven by the 'EXPO effect'
- Recorded 73% sales increase in digital grocery retailing and opened Carrefour UAE's first BIO store
- Issued MENA's first benchmark corporate Green hybrid instrument, amidst volatile financial market conditions
- Maintained BBB credit rating in latest Standard & Poor's (S&P) and Fitch Ratings reports, the highest rated privately-owned company in the region

Dubai, United Arab Emirates, 24 August 2022: Majid Al Futtaim, the leading shopping malls, communities, retail and leisure pioneer across the Middle East, Africa, and Central Asia, today announced its audit reviewed operational and financial results for H1 2022. Following a steady economic recovery in retail and leisure sectors, the Group reported a revenue of AED 18 billion, an increase of 15% compared to H1 2021. EBITDA rose 18% to AED 1.9 billion, a result of the company's solid operational performance, driven by diversification efforts and a continued focus on cost efficiencies and scale. The Group continues to maintain a strong balance sheet with total assets valued at around AED 62.9 billion. Net borrowings stood at AED 11.2 billion.

Alain Bejjani, Chief Executive Officer of Majid Al Futtaim – Holding, said: "A strong, customer-focused strategy supported by unrivalled data and analytics capabilities has enabled Majid Al Futtaim to deliver sustained growth through H1 2022. Our efforts have been further amplified by MENA's steady progress in moving beyond post-pandemic recovery as we collectively turn our efforts toward economic expansion and regional prosperity.

The growth delivered in the first half of the year is encouraging. While our region is not immune to building global inflation and supply chain pressures, Majid Al Futtaim remains optimistic towards the broader economic outlook. Our prudent financial discipline and strong governance ensures our resilience in the face of any immediate impact while ensuring we are well-positioned to remain focused on sustainable value creation."

The Group continues to benefit from a sustained post-pandemic rebound in consumer confidence, as evidenced in increased shopping mall footfall, hotel occupancy rates, and admission to its cinemas and leisure and entertainment venues.

Retailing trends, such as the consumer demand for digital and omnichannel experiences, have continued to gather pace. The Group continues to be well-placed to capitalise on digital opportunities in order to invest, innovate and elevate its offering to meet evolving consumer wants and needs.

Majid Al Futtaim continues to take the necessary steps to mitigate any immediate inflationary impact stemming from supply chain strain while focusing on its long-term strategy of sustainable value creation.

Operating Company Performance

Majid Al Futtaim – Properties: Compared to 2021 figures, Majid Al Futtaim – Properties' revenue rose 51% to AED 2.4 billion, while EBITDA was up 27% to AED 1.4 billion.

Shopping mall tenant sales increased by 21%, while footfall increased 20% to 100 million visitors compared to the previous year. Meanwhile, the hotel portfolio's revenue grew to AED 333 million driven by a lower base of 2021 due to capacity restrictions. RevPAR (Revenue Per Available Room) and average occupancy rates climbed 142% and 43%, respectively.

New community launches in Tilal Al Ghaf remain well-received by the market. The Alaya Beach project and Elysian Mansions, consisting of ultra-exclusive mansions and grand villas, were released in February and May, respectively, and recorded sales of over AED 2.4 billion, with 181 units sold by 30 June.

Majid Al Futtaim – Retail: Majid Al Futtaim – Retail recorded a 9% increase in revenue, standing at AED 14.4 billion for 2022, while EBITDA fell 9% to AED 567 million.

The growth in retail is driven by the AED 268 million increases in revenue for LFL sites, and growth in digital sales of AED 453 million. H1 2022 revenue increase in comparison to H1 2021 is due to restored consumer purchasing power and higher tourism rates – a further result of loosened COVID-19 restrictions.

Continuing to expand its international footprint, Majid Al Futtaim also opened 18 new stores across its geographies. In line with the global transformation to digital retail services, the Group invested in the development of express commerce, seeing a 73% increase in digital sales. In addition, Majid Al Futtaim Retail opened the UAE's first BIO store in January, featuring the retailer's first ever café and an in-store hydroponic farm.

Majid Al Futtaim – Leisure, Entertainment and Cinemas (LEC): Majid Al Futtaim – LEC registered a 56% increase in revenue to AED 784 million and a rise in EBITDA to AED 33 million, largely due to the lifted operating capacity restrictions.

Cinemas' admissions increasing by 60% to 8.8 million. The strong results are a result of better performance in Q1 revenues, and better than expected performance of new content releases.

Majid Al Futtaim – Lifestyle: Majid Al Futtaim – Lifestyle registered a 42% rise in revenues to AED 360 million and EBITDA of AED 3 million, mainly driven by *Lululemon's* international expansion and growth in sales for *CB2*, *Abercrombie & Fitch*, *LEGO*, *AllSaints*, and *Crate & Barrel*.

Future Investment

In its pursuit of being economically resilient during the second half of 2022, Majid Al Futtaim will continue to support sustainable economic development while adhering to a prudent financial management strategy. Majid Al Futtaim is wholly committed to the markets in which it operates, working to deliver exceptional experience not just for its customers but tenants, employees and its key stakeholders. The business will also look at investing on corporate initiatives including digital transformation, data and analytics, customer experience and loyalty programmes.

Majid Futtaim Properties continues to make progress on its pipeline development projects, including Mall of the Emirates redevelopment and Mall of Saudi.

Majid Al Futtaim – Retail will reinforce its leadership position in core markets and will continue to invest and scale up its omnichannel presence, enhance its network of stores and grow its food and health businesses to meet consumers' evolving needs.

Financing

Majid Al Futtaim's robust balance sheet has allowed it to maintain a strong financial and liquidity position thanks to the steadily recovering market conditions. The company's debt maturity profile remains light with no material debt maturity until May 2024.

Despite challenging macroeconomic conditions and volatile financial markets, in June 2022 the Group tendered its USD 500 million outstanding hybrid notes with the first call date falling in September 2022 and replaced them with a new USD 500 million Green hybrid notes with a first call date falling in September 2027. This was the Group's first hybrid transaction in green format and the first green corporate hybrid from MENA.

For the 11th consecutive year, the company's credit rating has been maintained at 'BBB' with a stable outlook by both S&P's and Fitch Ratings. The ratings reiterate the company's credit strengths, resilience of its business model, quality of assets, strong corporate governance, and prudent financial management.

ENDS

Notes to the Editor: The legal name of this company is "Majid Al Futtaim" and should not be shortened or replaced by an acronym to avoid confusion with another business entity.

About Majid Al Futtaim

Founded in 1992, Majid Al Futtaim is the leading shopping mall, communities, retail and leisure pioneer across the Middle East, Africa and Asia.

A remarkable business success story, Majid Al Futtaim started from one man's vision to transform the face of shopping, entertainment and leisure to 'create great moments for everyone, every day'. It has since grown into one of the United Arab Emirates' most respected and successful businesses spanning 17 international markets, employing more than 45,000 people, and obtaining the highest credit rating (BBB) among privately held corporates in the region.

Majid Al Futtaim owns and operates 29 shopping malls, 13 hotels and four mixed-use communities, with further developments underway in the region. The shopping malls portfolio includes Mall of the Emirates, Mall of Egypt, Mall of Oman, City Centre malls, My City Centre neighbourhood centres, and five community malls which are in joint venture with the Government of Sharjah. The Company is the exclusive franchisee for Carrefour in over 30 markets across the Middle East, Africa and Asia, operating a portfolio of more than 400 outlets including City+, the region's first checkout-free store, and an online store.

Majid Al Futtaim operates more than 600 VOX Cinemas screens as well as a portfolio of world-class leisure and entertainment experiences across the region including Ski Dubai, Ski Egypt, Dreamscape, Magic Planet, Little Explorers and iFLY Dubai. The Company is parent to a Fashion, Home and Specialty retail business representing international brands such as Abercrombie & Fitch, Hollister, AllSaints, lululemon athletica, Crate & Barrel, LEGO and THAT, a Majid Al Futtaim fashion concept store and app. In addition, Majid Al Futtaim operates Enova, a facility and energy management company, through a joint venture operation with Veolia, a global leader in optimised environment resource management.

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