

**PRESS RELEASE**

## **Continued Financial Growth for Majid Al Futtaim as Business Prepares for Future of Retail**

### **Story of Growth**

*Note: The following information is a trading statement based on unaudited management accounts for Half Year ended 30 June 2017.*

- Delivered increased group revenue and EBITDA by 4% year-on-year
- Acquired Retail Arabia to complement, consolidate and expand Carrefour's network to more than 210 hypermarkets and supermarkets across 15 countries and gained market share in Bahrain & Kuwait
- Opened Mall of Egypt, which is home to the first ski slope and snow park in Africa
- Invested in Fetchr, a last mile delivery start-up, to enhance digital and e-commerce capabilities and launched a 'hands-free' shopping service at Mall of the Emirates
- Introduced a new multi-sensory experience, Orbi, at City Centre Mirdif
- Awarded the 2017 CinemaCon 'Global Achievement Award in Exhibition' for VOX Cinemas
- Launched a Net Positive strategy to significantly reduce water consumption and carbon emissions resulting in a positive corporate footprint by 2040
- Established the Majid Al Futtaim School of Analytics and Technology responsible for ensuring that employees understand data and analytics to improve the delivery of unique and engaging customer experiences
- Issued a new USD 500M corporate hybrid to fund expansion strategy
- Maintained BBB credit rating by Standard & Poor's and Fitch

**Dubai, 31 July 2017:** Majid Al Futtaim, the leading shopping mall, communities, retail and leisure pioneer across the Middle East, Africa and Asia, has today announced continued financial growth throughout its business during the first six months of the year, with overall group revenue expanding by 4% to AED 15.7 billion and EBITDA increasing by 4% to AED 2.0 billion. At constant FX rates, overall group revenue would have grown by 12% and EBITDA by 9%. The difference can be largely attributed to the EGP devaluation that occurred in the last quarter of 2016. The company continues to maintain a strong balance sheet with total assets valued at around AED 56.1 billion and a net debt of around AED 9.6 billion.

Alain Bejjani, Chief Executive Officer of Majid Al Futtaim Holding, commented on the company's financial performance during the first half of 2017. Bejjani said, "Majid Al Futtaim continued demonstrating strength and resilience against a backdrop of regional economic challenges.

We remain focused on our strategic direction, while anticipating market changes, working smarter, competing effectively and celebrating milestones. Our aim is to build on our rich heritage, customer centricity and market knowledge by creating and developing a technology-driven business that will future-proof our organization, delivering greater value for our customers and stakeholders," Bejjani added.

Majid Al Futtaim's acquisition of Retail Arabia is a major milestone -- one that further cements Carrefour's position as the largest grocery retailer in the region. Through both organic and inorganic growth, the company continues to pursue opportunistic acquisitions in line with its disciplined strategic and financial approach.

Majid Al Futtaim invested in Fetchr, a last mile delivery start-up. Fetchr powered innovative 'hands-free' shopping services are already in operation at Mall of the Emirates and allows customers to drop off their purchases at designated points around the mall and collect them later or have them delivered directly to their home.

Majid Al Futtaim significantly advanced its sustainability commitments by becoming the first private sector organisation in the Middle East to launch a Net Positive strategy, which aims to reduce water consumption and carbon emissions to the extent that our company puts more back into the environment than it takes out by 2040.

Majid Al Futtaim delivered new landmark experiences to customers in North Africa and the United Arab Emirates by opening Mall of Egypt, which is home to the first ski slope and snow park in Africa. In the UAE, the company also introduced Orbi, a collaboration developed with SEGA and BBC Worldwide, to provide guests with new multi-sensory experiences at City Centre Mirdif.

The company established the Majid Al Futtaim School of Analytics and Technology, as part of the Majid Al Futtaim Leadership Institute, to transform how employees understand, predict and respond to customer preferences and, in doing so, further enhance their ability to deliver unique and engaging experiences.

## **Operating Company Performance**

**Majid Al Futtaim Properties:** Majid Al Futtaim Properties continued its expansion during the first half of 2017, reporting an increase in revenue of 4% to AED 2.3 billion, while EBITDA rose by 5% to AED 1.5 billion, contributing about 72% of the group's EBITDA. At constant FX rates, revenue would have grown by 8% and EBITDA by 7%. During the year, the company welcomed 91 million customers, an 8% increase, as compared to the first half of 2016. Total occupancy of comparable shopping malls remained strong at 98% (94% including Mall of Egypt, which opened in March). Construction commenced at City Centre Al Zahia in Sharjah, Mall of Oman and City Centre Sohar in Oman, and My City Centre Al Dhait in Ras Al Khaimah. Majid Al Futtaim hotels reported average occupancy of 77% and witnessed a slight decline in revenue per available room (RevPAR), yet continued to outperform the market.

**Majid Al Futtaim Retail:** In line with its growth strategy, Majid Al Futtaim acquired Retail Arabia, the franchise owner of Geant in UAE, Bahrain and Kuwait, and will rebrand its 29 stores under the Carrefour brand before the end of 2017. It also launched five new Carrefour hypermarkets and nine supermarkets in the first six months of the year, strengthening its presence to more than 210 outlets in 15 countries across the Middle East, Africa and Asia, taking into account the acquisition. Overall revenues increased by 3% year-on-year to AED 12.6 billion, while EBITDA dropped by 5% to AED 553 million mainly due to the EGP devaluation. At constant FX rates, revenues would have grown by 12% and EBITDA by 5% year-on-year. This performance was driven by new store openings and initiatives to protect market share in existing markets. The company opened its second hypermarket in Kenya and announced the development of Majid Al Futtaim Retail's largest and most advanced distribution hub in the region.

**Majid Al Futtaim Ventures:** The company's diverse portfolio of cinemas, leisure and entertainment, fashion, healthcare, consumer finance, food and beverage and facility and energy management reported strong financial performance, with overall revenues up 16% to AED 1.0 billion (AED 1.5 billion including joint ventures and associates). With entry into three new countries and the opening of 42 new screens, VOX Cinemas continued to cement its position as the region's leading cinema chain and saw a 61% increase in ticket admissions. In recognition of its dedication to unique customer experience, VOX Cinemas won the 'Global Achievement in Exhibition' award at the CinemaCon 2017 convention. The company introduced Orbi, a new multi-sensory experience at City Centre Mirdif and opened its first Magic Planet in Kenya. It also launched a new healthcare clinic, City Centre Clinic Nad Al Hammar, increasing the number of clinics to five across the region. Within its fashion business, Majid Al Futtaim opened 16 stores and launched its new 'home pillar', which includes two Maison du Monde stores, while a franchise partnership was signed with Crate and Barrel to operate the homeware and furniture brand. EBITDA increased by 66% to AED 93 million, compared to first half 2016.

### **Continued Expansion**

Majid Al Futtaim plans to continue to enrich the customer experience across its business. It is actively assessing potential investment opportunities with a focus on digital capabilities, technology and e-commerce. The company will also increase its focus on enabling seamless and effortless integration of its online and offline presence.

On the development side, Majid Al Futtaim Properties is progressing well on its balanced expansion plans with 13 projects across Saudi Arabia, Oman, the United Arab Emirates, Lebanon and Egypt. As part of its future pipeline, the company plans to open Mall of Oman, City Centre Sohar and My City Centre Sur in Oman; City Centre Al Zahia, My City Centre Al Dhait and My City Centre Masdar in the United Arab Emirates; City Centre Almaza in Egypt; as well as City Centre Ishbiliyah and Mall of Saudi in Riyadh, Saudi Arabia. Majid Al Futtaim is also continuing its phased development approach at its mixed-use communities including Al Zahia in Sharjah, Waterfront City in Beirut and Al Mouj in Muscat. The Aloft Hotel City Centre Deira, which is inspired by a cinematic theme will be open to the public in 2018.

### **Financing**

Majid Al Futtaim has continued to maintain a very strong financial and liquidity position covering its net financing needs for the next 2-3 years through its cash and available committed lines.

In the first quarter of 2017, the company issued a USD 500M corporate hybrid to fund its inorganic expansion plan. "In line with our pro-active and prudent financial approach, we opted to bolster our balance sheet and preserve debt capacity for future organic growth and issued a new subordinated perpetual bond to pre-fund the Retail Arabia acquisition. The instrument gets full equity treatment under IFRS and qualifies for 50% equity treatment from the credit rating agencies," Shrimati Damal, Chief Financial Officer at Majid Al Futtaim – Holding explained.

"At the same time, the company also further improved its liquidity profile through early pre-financing of 2018 maturities via a syndication of a USD 1 billion equivalent (AED 3.8 billion) revolver line with a group of regional and international banks." she continued.

Both Fitch Ratings and Standard & Poor's have reaffirmed the company's credit rating at BBB with a stable outlook during the year, reiterating its credit strengths such as the resilience of its

business model, quality of assets, strong corporate governance and prudent financial management.

**End**

**Note 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.

**Disclaimer:** All facts and figures in this release are accurate at the time of issuance.

### **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 15 international markets, employing more than 39,000 people, and obtaining the highest credit rating (BBB) among privately-held corporates in the region.

Majid Al Futtaim owns and operates 21 shopping malls, 12 hotels and three mixed-use communities, with further developments underway in the region. The shopping malls portfolio includes Mall of the Emirates, Mall of Egypt, City Centre malls, My City Centre neighbourhood centres, and four community malls which are in joint venture with the Government of Sharjah. The Company is the exclusive franchisee for Carrefour in 38 markets across Middle East, Africa and Asia, and operates a portfolio of more than 210 outlets in 15 countries.

Majid Al Futtaim operates 284 VOX Cinema screens and 31 Magic Planet family entertainment centres across the region, in addition to iconic leisure and entertainment facilities such as Ski Dubai and Ski Egypt, among others. The Company is parent to the consumer finance company ‘Najm’, a fashion retail business representing international brands such as Abercrombie & Fitch, AllSaints, lululemon athletica, and Crate & Barrel; and a healthcare business that operates City Centre Clinics. 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. The Company also owns the rights to The LEGO Store and American Girl in the Middle East and operates in the food and beverage industry through a partnership with Gourmet Gulf.

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