

PRESS RELEASE

Majid Al Futtaim H1 2020 Financial Results: Diversified Portfolio Demonstrates Resilience Amid COVID-19

Key Highlights:

- Group reported a 3% decrease in revenue to AED17.3 billion and 27% decrease in EBITDA to AED1.6 billion
- Majid Al Futtaim Retail reported 4% increase in revenue and 18% increase in EBITDA
- Carrefour reported 263% increase in online sales and opened five physical stores, and three new fulfilment centres
- Accelerated digital transformation with launch of new online platforms including Carrefour's Marketplace, Trends at Your Doorstep, and Click and Collect
- Shopping Malls business continued expansion plans with opening of Matajer Al Musalla mall in Sharjah
- Launched new movie-going experience with VOX Cinemas Drive-in at Mall of the Emirates
- Collaborated with the UAE Government to enhance local food security during the COVID-19 pandemic by introducing in-store hydroponic farming and supporting small farm owners
- Maintained 'BBB' credit rating in latest Standard & Poor's (S&P) report

Dubai, United Arab Emirates, 19 August 2020: Majid Al Futtaim, the leading shopping mall, communities, retail and leisure pioneer across the Middle East, Africa and Asia, today announced its audit reviewed operational and financial results for the first six months of the year. Large-scale business disruption, combined with a much more cautious consumer sentiment resulting from the COVID-19 pandemic, saw the group report revenue of AED17.3 billion and EBITDA of AED1.6 billion, representing declines of 3% and 27% respectively. The group's assets decreased 4% to approximately AED61.8 billion.

The period presented two differentiated quarters, driven by the impact of the global COVID-19 pandemic. Majid Al Futtaim began the year performing above expectations across all its operating units. However, the second half of March saw the COVID-19 pandemic take hold, leading to temporary asset closures, travel and movement restrictions and supply chain challenges affecting companies globally. Despite these macroeconomic conditions, the company witnessed strong growth in its grocery retail business, with a 4% and 18% increase in revenue and EBITDA, respectively.

Alain Bejjani, Chief Executive Officer of Majid Al Futtaim - Holding, commented on the company's financial results: "The pandemic has undoubtedly affected us all. Over the years, we have built and maintained a sustainable and diversified business ready to withstand the headwinds in our industries. Backed by ongoing prudent financial management, an agile mindset and the unrelenting drive of our people, we were able to respond quickly to course correct, reduce our cost base, and enhance our digital capabilities to meet the accelerated demand on multiple digital platforms. These measures enabled us to mitigate some of the impact of COVID-19 on our performance and maintain our 'BBB' rating, which bears testament to the resilience of our business model and financial health.

"While the timeline for a full-scale recovery is still uncertain, we are witnessing a slow reopening of the economy. We will do our part to rebuild consumer trust that is so crucial to revitalising the

economy. To achieve this, we must adapt to changing consumer needs and continue to ensure the highest standards of health and safety, while doubling down on our efforts to strengthen the industries and markets in which we operate.”

From the outset of the pandemic, Majid Al Futtaim reinforced its engagement with all stakeholders, including working closely with governments in its operational markets. In the UAE, the company moved swiftly to adapt its business model, implementing global standards of health and safety, and retraining more than 1,000 employees from the cinema and leisure business to support Carrefour, in order to cater to the exponential increase in online grocery retail demand. To further strengthen its customer-centric approach, Majid Al Futtaim entered into strategic partnerships to further improve the delivery of Carrefour online orders, including with the Department of Economic Development, Aramex, and Dubai Taxi Corporation.

In order to support the local food economy and guarantee a sustainable supply chain, the company collaborated with the Ministry of Climate Change and Environment (MOCCAE) to boost the availability of locally grown produce across Carrefour UAE stores, by opening new distribution channels for more than 6,000 small and medium-sized local farmers and ensuring a sustainable supply of fresh fruit and vegetables across the country. It also partnered with the UAE Government to launch Carrefour’s third hydroponic farm, which uses 90% less water and less space than traditional farms to deliver approximately 10 kg of fresh herbs and microgreens per day, equivalent to the yield of about one acre of farmland.

These initiatives complement Majid Al Futtaim’s strong focus on achieving sustainable development as a path for a resilient economic recovery, as the company remains committed to its sustainability strategy goals, including becoming Net Positive by 2040, alongside its pledge to phase-out single-use plastics from its operations by 2025.

Amid lockdowns and government mandated closures, the company decided to forego rents at its 27 shopping malls across five markets to ease the financial burden on its tenants while stores were temporarily closed. The company further accelerated its digital transformation journey to bolster its online capabilities to offer tenants and small businesses new and innovative platforms to reach their customers with the launch of Marketplace, Trends at Your Doorstep and THAT - its latest fashion app which will open a dedicated concept store at Mall of the Emirates later in 2020.

Operating Company Performance

Majid Al Futtaim – Properties: Majid Al Futtaim – Properties registered a decline of 26% in revenue and 27% in EBITDA in the first six months of 2020, standing at AED1.5 billion and AED1.1 billion, respectively.

The Shopping Malls business saw a drop in revenue due to temporary asset closures across the region and the proactive decision to forego rents during closure periods. However, it is now presenting a gradual recovery as footfall has increased across the company’s assets towards the end of the first half of the year.

Majid Al Futtaim Hotels experienced a 41% drop in occupancy rates due to asset closures and reduced demand due to travel restrictions and border closures.

Majid Al Futtaim – Retail: In the first half of the year, the Carrefour business witnessed strong growth despite the prevailing conditions. Revenue increased by 4% and totalled AED15.1 billion, while its EBITDA grew by 18% to AED709 million. This was achieved despite most physical stores operating at reduced hours since March 2020, as per local government restrictions, and is a testament to the stable nature of the grocery sector.

This period also witnessed an accelerated shift to digital, driven by rapid adoption rates. Online sales increased by 263% across all markets the company operates in and contributed 3% of Carrefour's total revenue. Majid Al Futtaim's early efforts to future-proof the business and enhance its digital capabilities have positioned the company well to respond to shifting consumer behaviour. During the pandemic, the company moved quickly to simultaneously ramp up its digital presence whilst strengthening its fulfilment and delivery capabilities with three new fulfilment centres and darkstores established across the region, in addition to activating 53 existing stores to fulfil online orders. It also opened five new physical stores, which have contributed to its growth and catered to consumer demand.

Majid Al Futtaim Ventures: Majid Al Futtaim – Ventures felt the greatest impact of the pandemic, with a 46% decrease in revenue and a 199% decrease in EBITDA in the first six months of the year, standing at AED690 million and -AED135 million, respectively.

This decline was largely driven by government-mandated closures due to the pandemic, which required Leisure, Entertainment and Cinema (LEC) assets to close for a prolonged period of time. However, like the Shopping Malls business, towards the end of Q2 2020 customers began to return as leisure and entertainment assets began opening for business in a phased manner.

In response to the temporary closure of cinemas, Majid Al Futtaim displayed its agility by redefining its offering for movie-goers with the launch of VOX Cinemas Drive-in on the rooftop of Mall of the Emirates, which has received nearly 3,000 visitors since opening.

Future Investment

During the second half of 2020, Majid Al Futtaim will continue to support sustainable economic development in its efforts towards economic recovery, while maintaining a disciplined financial management approach. Majid Al Futtaim is fully committed to the markets in which it operates whilst striving to bring the right product to market at the right time to deliver maximum value for customers and tenants.

The company will carry on its expansion plans in core markets, with new dates already announced for the opening of Mall of Oman and City Centre Al Zahia in Sharjah. Majid Al Futtaim – Retail will continue to expand its physical presence across existing markets. The company will also open three supermarkets in Uzbekistan this year, marking the first entry of an international grocery retailer into the Central Asian country. In addition, Majid Al Futtaim – Ventures will open 55 new VOX Cinemas screens in the second half of 2020.

Financing

Majid Al Futtaim has a long history of upholding a prudent approach to financial risk management. The company's robust balance sheet has allowed it to maintain a strong financial and liquidity position even amidst extraordinarily stressed circumstances, with cash reserves to cover its net financing needs for up to 46 months, without any interventions to its previous plans. Majid Al Futtaim's debt maturity profile is light over the next three years, with no material debt maturity until 2023.

Despite weakening macroeconomic conditions, the company's BBB credit rating and 'stable outlook' have been reaffirmed by Standard & Poor's in its most recent report. This reiterates the company's healthy liquidity position, resilience of its diversified business model, proactive and speedy approach to tackling the Covid-19 crisis and continued prudent financial management.

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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 16 international markets, employing more than 44,000 people, and obtaining the highest credit rating (BBB) among privately-held corporates in the region.

Majid Al Futtaim owns and operates 27 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, 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 several markets across the Middle East, Africa and Asia, operating a portfolio of more than 300 outlets.

Majid Al Futtaim operates more than 500 VOX Cinemas screens and 35 Magic Planet family entertainment centres across the region, in addition to iconic leisure and entertainment facilities such as Ski Dubai, iFly Dubai, Dreamscape and Ski Egypt, among others. The Company is parent to the consumer finance company 'Najm', and a Fashion, Home and Specialty retail business representing international brands such as Abercrombie & Fitch, Hollister, AllSaints, lululemon athletica, Crate & Barrel, Maisons du Monde and LEGO. 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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