

PRESS RELEASE

Majid Al Futtaim Announces 2020 Full Year Financial Results

Key Highlights:

- Reported a decrease in revenue to AED32.6 billion and a decrease in EBITDA to AED3.8 billion
- Majid Al Futtaim Retail recorded 188% increase in online sales and continued its expansion with entry to Uzbekistan
- Accelerated digital transformation with launch of new online platforms including Carrefour's Marketplace, Trends at Your Doorstep, Click & Collect and Mobile Scan & Go
- Launched Circular Economy Strategy reinforcing commitment to sustainable development
- Reduced leverage by AED0.4 billion ending Net Debt at AED12.4 billion
- Maintained 'BBB' credit rating from Standard & Poor's and Fitch Ratings

Dubai, United Arab Emirates, 24 February 2021: Majid Al Futtaim, the leading shopping mall, communities, retail and leisure pioneer across the Middle East, Africa, and Central Asia, today announced its audited operational and financial results for 2020. The company reported revenue of AED32.6 billion and EBITDA of AED3.8 billion, representing declines of 7% and 19%, respectively, driven by the impact of the COVID-19 pandemic. The company's assets decreased 6% to approximately AED59.1 billion.

Majid Al Futtaim Chief Executive Officer Alain Bejjani commented on the company's 2020 results, "Despite the extraordinary events of 2020, Majid Al Futtaim's full year performance demonstrated the resilience of our people and business model, diverse portfolio, operational agility, proactive investments and prudent financial risk management.

"The pandemic has not only been a financial crisis, but an even bigger crisis of trust. We have built our organisation to withstand adverse economic conditions, so our primary focus was on acting swiftly to protect our customers and employees, as we worked diligently to restore trust and maintain non-negotiable commitments to our sustainable business practices. The fact that we have experienced growth in some of our businesses during a year of unprecedented disruption is a testament to the importance that should always be placed on people, the planet and our collective progress. For me, this is stakeholder capitalism in action, and it makes me optimistic about our future."

The Covid-19 pandemic included business interruptions, such as temporary asset closures, travel and movement restrictions, and supply chain challenges, and when combined with more cautious consumer sentiment, resulted in varying degrees of impact across the company.

During the second half of 2020, restrictions began to ease and there was a gradual recovery across various industries, as consumers gained confidence in public health measures implemented across markets in which the company operates. Majid Al Futtaim's quality assets, the resilience of its business model and the ongoing success of its diversification efforts, in addition to the company's unwavering commitment to financial discipline, contributed to these results.

From the onset of the pandemic, Majid Al Futtaim adopted a stakeholder-first strategy, including strengthening its engagement with governments across all markets in which the company operates to identify and implement measures to minimise the spread of the virus and overcome supply challenges derived from the pandemic. In order to guarantee a sustainable supply of fresh fruit and vegetables across the country, Majid Al Futtaim partnered with the Ministry of Climate Change and Environment (MOCCA) in the UAE, 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.

Amid government-mandated closures and lockdowns, Majid Al Futtaim decided to forego rent 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 respond to the rapid shift to online, while offering tenants and small businesses new and innovative platforms to reach their customers with the launch of Marketplace and Trends at Your Doorstep. Throughout 2020, Majid Al Futtaim continued to bring together its traditional ecosystem in the digital world, with the introduction of Click & Collect and Mobile Scan & Go. The company also partnered with the Department of Economic Development, Aramex, and Dubai Taxi Corporation to ensure speed and efficiency in fulfilling Carrefour online customer orders.

Once restrictions started to ease, Majid Al Futtaim continued its customer-centric approach, with the launch of Food Central at City Centre Deira, to offer a wholly unique take on mall dining, in response to changing consumer habits.

Majid Al Futtaim remained committed to its sustainability strategy throughout the pandemic, including the company's goal to be Net Positive by 2040 and its pledge to phase-out single-use plastics from its operations by 2025. In addition, the company launched its ambitious circular economy strategy that details the roadmap towards eliminating waste and the continual use of resources across the company's operations in the next ten years.

Operating Company Performance

Majid Al Futtaim – Properties: Compared to 2019, Majid Al Futtaim – Properties registered a decline of 24% in revenue and 21% in EBITDA, standing at AED3.5 billion and AED2.3 billion, respectively.

The Shopping Malls business saw a decline in revenue due to temporary asset closures across the region, the proactive decision to forego tenant rent payments during closure periods and rent relief mechanisms to support tenants. During the second half of the year, the business experienced a gradual recovery in footfall as the economy started to reopen.

Majid Al Futtaim – Hotels experienced a 60% drop in occupancy rates due to asset closures for a prolonged period, and reduced demand as a result of border closures, travel restrictions and lower capacity.

Majid Al Futtaim – Retail: In 2020, the Carrefour business recorded a revenue decrease of 1% standing at AED28 billion, while its EBITDA grew by 14% to AED1.6 billion.

Majid Al Futtaim Retail's online sales increased by 188% across all markets, contributing 3% of its total revenue in 2020. This significant boost was driven by a rapid shift to online retailing that resulted from lockdowns and heightened safety measures. At the same time, the company leveraged the opportunity to accelerate its digital offering and strengthen its fulfilment and delivery capabilities, with the opening of four new fulfilment centres and dark stores across the region.

In addition, Carrefour continued its geographic expansion with its entry into Uzbekistan, despite disruption caused by the pandemic.

Majid Al Futtaim – Ventures: Majid Al Futtaim – Ventures experienced the greatest impact of the pandemic, with a 49% decrease in revenue and a 122% decrease in EBITDA in 2020, standing at AED1.4 billion and -AED92 million, respectively.

This decline was driven by government-mandated closures of Leisure, Entertainment and Cinema assets for a prolonged period, combined with a shortage of movie content globally. As restrictions began to ease in the second half of the year, customers gradually returned to the company's assets.

In response to the temporary closure of cinemas, Majid Al Futtaim redefined its offering for movie-goers through employee-led innovations, such as the launch of VOX Cinemas Drive-in on the rooftop of Mall of the Emirates.

The innovation continued at Majid Al Futtaim – Ventures, with the recent launch of THAT fashion store in Mall of the Emirates, where a multi-brand homegrown concept is set to revolutionise the future of retail in the UAE and the region by providing a world of immersive experiences.

Future Investment

In 2021, Majid Al Futtaim will continue efforts to support its stakeholders, including governments in markets where it operates, by working towards a full economic recovery and sustainable economic development, underpinned by prudent financial risk management.

Reaffirming the company's commitment to continue bringing new experiences to its customers, Majid Al Futtaim – Properties plans to open City Centre Al Zahia and Mall of Oman later this year.

Majid Al Futtaim – Retail will continue its expansion plans, including the establishment of new stores in Kenya, Uganda, and Uzbekistan. The company also has plans to open multiple stores in the next five years in Egypt, grow in Saudi Arabia and scale up its e-commerce capacity to meet growing online demand across the region.

Majid Al Futtaim – Cinemas will continue its expansion in Saudi Arabia, with the opening of 30 new VOX Cinemas screens planned for 2021.

Financing

Majid Al Futtaim's financial and liquidity position remains strong, with cash and available committed facilities covering its net financing needs for at least the next three years. The company's debt maturity profile is light over the next couple of years, with no material debt maturity until 2023, and net debt position reduced to AED12.4 billion through rigorous focus on cash flow across the business.

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

- Ends –

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 Central 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 43,000 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 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 350 outlets and an online store.

Majid Al Futtaim operates more than 500 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 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, 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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