

MENA IPO Eye

2017 year-end review



Building a better
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MENA IPO Eye

Q4 2017 review

Volume



MENA

Eight deals

(60% increase on Q4 2016)

GCC

Six deals

(200% increase on Q4 2016)

Value



US\$2.5b

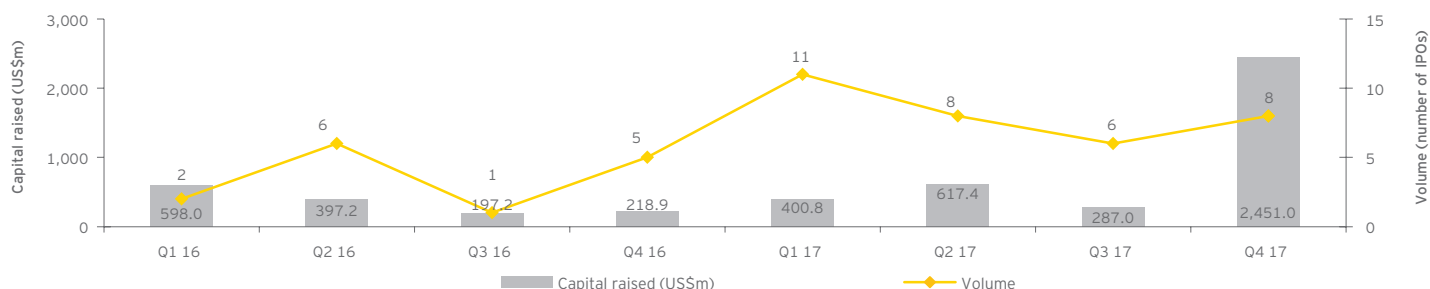
(1,020% increase on Q4 2016)

US\$2.4b

(1,287% increase on Q4 2016)

MENA IPO activity

(Q1 2016-Q4 2017*)



*As at 31 December 2017

Notes: Companies listed on the Saudi parallel market (NOMU) are included from its commencement date, 26 February 2017.

Key trends



- ▶ In Q4 2017, MENA IPO activity increased with eight IPOs raising US\$2.5b compared with six IPOs raising US\$287.0m in Q3 2017. The IPO of Emaar Development on the Dubai Financial Market (DFM), which raised US\$1.3b, was the biggest IPO in the region since the IPO of National Commercial Bank (NCB), which raised US\$6.0b in 2014.
- ▶ The UAE had the highest number among the MENA countries with US\$2.2b of capital raised. The Muscat Securities Market witnessed the highest volume of IPOs during Q4 2017 with three listings.
- ▶ The listing of ADNOC Distribution on ADX may encourage more regional energy companies to go public in 2018 to raise capital driven by an improved oil price environment and favorable government initiatives.
- ▶ From 1 January 2018, the Saudi Capital Market Authority (CMA) has allowed direct investments by nonresident foreign investors on the NOMU market. The NOMU market index decreased by 48% in 2017 with no IPOs in Q3 2017 or Q4 2017.
- ▶ Global IPO activity surged in 2017 with 1,624 IPOs that raised US\$188.8b, an increase of 49% by number of deals and 40% by capital raised when compared with 2016. This made 2017 the most active year for IPOs since 2007.

Exchanges by capital raised – Q4 2017

| DFM | ADX | Saudi SE | Egypt SE | Muscat SE |
|------------------------|--------------------------|--------------------------|--------------------------|----------------------------|
| US\$1.3b (one deal) | US\$850.9m (one deal) | US\$110.0m (one deal) | US\$94.7m (two deals) | US\$81.9m (three deals) |

Top three issuers – Q4 2017

| Issuer (exchange) | Value (return (%))* |
|--------------------------------|-----------------------|
| Emaar Development (DFM) | US\$1.3b (-11.8%) |
| ADNOC Distribution (ADX) | US\$850.9m (0%)** |
| Al Ahli REIT Fund 1 (Saudi SE) | US\$110.0m (NA)*** |

Top sectors by capital raised – Q4 2017

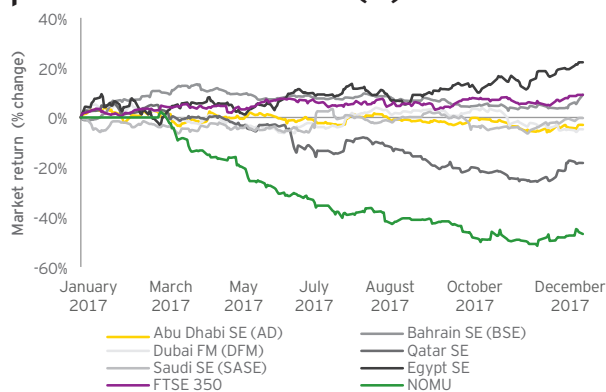
| Sector | Value (return (%))* |
|-------------|--------------------------|
| Real estate | US\$1.3b (one deal) |
| Oil and gas | US\$850.9m (one deal) |
| REIT fund | US\$110.0m (one deal) |

Note: SE – stock exchange

*Return is share price change from first trade date until 28 December 2017; **ADNOC Distribution had the same share price on the first trade date and 28 December 2017; ***started trading on 8 January 2018.

Source: Thomson Eikon, CapIQ and Press.

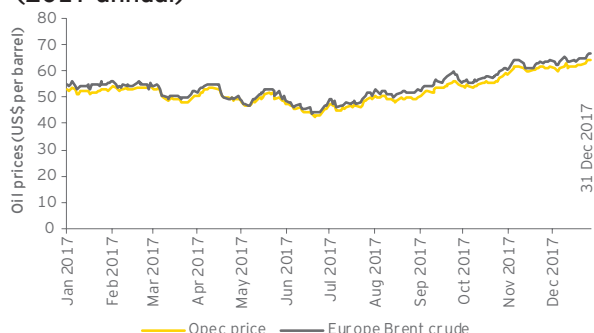
Regional stock market performance 2017 (%)



| Exchange | 2017 annual index return | Market cap (US\$b) |
|----------|--------------------------|--------------------|
| SASE | -0.2% | 468.9 |
| QSE | -18.3% | 107.5 |
| AD | -3.0% | 135.9 |
| DFM | -4.8% | 87.7 |
| EGX | 22.2% | 23.3 |
| BSE | 9.2% | 22.2 |
| FTSE 350 | 9.1% | 3,647.50 |
| NOMU | -46.8% | 0.6 |

Note: Return updated as on 31 December 2017; market cap updated as at 24 January 2018.
Source: Thomson Eikon.

Oil price movement (2017 annual)



Broader outlook

- ▶ UAE, Saudi Arabia and Egypt look particularly strong in terms of announced and potential IPOs.
- ▶ The most important impetus for the regional IPO market will likely be from the privatization drive across the region leading to the listing of government enterprises.
- ▶ The Saudi Stock Exchange is on course to join MSCI's emerging market index and has been swift in improving the regulatory environment and allowing foreign investments to be in line with global standards.
- ▶ The combination of improved oil prices, favorable government initiatives and strong investor appetite is likely to trigger more listings in MENA.

Source: CapIQ, Thomson Eikon and Press.

Summary of IPOs (2017)

| Quarter | Issuer | Size (US\$m) | Sector | Exchange |
|------------------|---|--------------|--------------------------|--------------|
| Q4 2017 – 24 Dec | Al-Tawfeek Leasing Company – Egypt | 7.1 | Financial Services | Egypt SE |
| Q4 2017 – 19 Dec | AlAhli REIT Fund 1 | 110.0 | Real Estate (REIT) | Saudi SE |
| Q4 2017 – 18 Dec | Muscat City Desalination | 16.4 | Power and Utilities | Muscat SE |
| Q4 2017 – 7 Dec | Abu Dhabi National Oil Company for Distribution | 850.9 | Oil and Gas | ADX |
| Q4 2017 – 7 Dec | Ibnsina Pharma | 87.6 | Health care | Egypt SE |
| Q4 2017 – 20 Nov | National Life & General Insurance Company | 55.1 | Insurance | Muscat SE |
| Q4 2017 – 16 Nov | Emaar Development | 1,313.4 | Real Estate | DFM |
| Q4 2017 – 5 Oct | Oman Qatar Insurance Company | 10.4 | Insurance | Muscat SE |
| Q3 2017 – 15 Sep | Mulkia Gulf Real Estate REIT | 52.9 | Real Estate (REIT) | Saudi SE |
| Q3 2017 – 20 Aug | Zahrat Al Waha for Trading | 61.2 | Industrial Manufacturing | Saudi SE |
| Q3 2017 – 7 Aug | Vision Insurance | 10.4 | Insurance | Muscat SE |
| Q3 2017 – 2 Aug | Al Ahlia Insurance Co | 19.5 | Insurance | Muscat SE |
| Q3 2017 – 25 Jul | Musharaka REIT Fund | 93.9 | Real Estate (REIT) | Saudi SE |
| Q3 2017 – 2 Jul | Al Maather REIT Fund | 49.1 | Real Estate (REIT) | Saudi SE |
| Q2 2017 – 15 Jun | Orient UNB Takaful Insurance | 16.3 | Insurance | DFM |
| Q2 2017 – 6 Jun | Alkathiri Holding Co. | 6.8 | Industrial Manufacturing | Saudi NOMU |
| Q2 2017 – 18 May | Thob Al-Aseel | 68 | Consumer Goods | Saudi NOMU |
| Q2 2017 – 12 May | ADES International Holding Ltd. | 243.5 | Capital Goods | London SE |
| Q2 2017 – 10 May | Taleem REIT Fund | 22.8 | Real Estate (REIT) | Saudi SE |
| Q2 2017 – 20 Apr | Raya Contact Center | 44.6 | Business Services | Egypt SE |
| Q2 2017 – 6 Apr | M.M. Group for Industry and International Trade, S.A.E. | 39.3 | Capital Goods | Egypt SE |
| Q1 2017 – 6 Mar | Atelier Du Meuble Interieur SA | 3.5 | Consumer Goods | Tunis SE |
| Q1 2017 – 5 Mar | Emirates NBD Asset Management | 105.0 | Real Estate (REIT) | Nasdaq Dubai |
| Q1 2017 – 14 Feb | Arab Sea Information Systems | 5.9 | Information Technology | Saudi NOMU |
| Q1 2017 – 13 Feb | Development Works for Food | 4.3 | Leisure and Tourism | Saudi NOMU |
| Q1 2017 – 12 Feb | Al Samaani Factories for Metal Industries | 4.6 | Industrial Manufacturing | Saudi NOMU |
| Q1 2017 – 10 Feb | Raydan | 57.6 | Leisure and Tourism | Saudi NOMU |
| Q1 2017 – 9 Feb | Al Omran Group | 9.0 | Food and Beverages | Saudi NOMU |
| Q1 2017-9 Feb | Abdullah Saad Mohammed Abo Moati Stationaries Co. | 12.8 | Consumer Goods | Saudi NOMU |
| Q1 2017-22 Jan | AlJazira Mawten REIT Fund | 31.5 | Real Estate (REIT) | Saudi SE |
| Q1 2017-22 Jan | Investment Holding Group | 135 | Construction | Qatar SE |
| Q1 2017-17 Jan | Baazeem Trading | 31.6 | Retail | Saudi SE |

Source: CapIQ and Thomson Eikon.

Note: SE – stock exchange

Select IPOs in pipeline

| Issuer | Country |
|---|---------|
| Saudi Aramco | KSA |
| Marafiq Power & Water Utility Co for Jubail & Yanbu | KSA |
| Sadara Chemical Co | KSA |
| Saudi Arabian Airlines (Saudia) | KSA |
| Saudi Stock Exchange (Tadawul) | KSA |
| Emirates Global Aluminium | UAE |
| Etihad REIT | UAE |
| Emirates District Cooling LLC | UAE |
| Abu Dhabi Ports Co | UAE |
| Global Education Management Systems | UAE |
| Engineering For The Petroleum & Process Industries | Egypt |
| Nile Air | Egypt |
| Banque du Caire | Egypt |
| United Bank of Egypt | Egypt |
| National Life & General Insurance Co | Oman |
| Muscat Electricity Distribution | Oman |
| Oman Oil Co | Oman |
| Qatar Exchange | Qatar |
| Kuwait Petroleum Corp | Kuwait |
| Az-Zour North Independent Water and Power Project | Kuwait |
| Kuwait Energy | Kuwait |
| Kuwait Stock Exchange | Kuwait |

Source: CapIQ and Thomson Eikon.

Contacts



Mayur Pau

Partner – EY MENA Growth Markets and Financial Services IPO Leader
mayur.pau@ae.ey.com
+971 4312 9446



Gregory Hughes

Partner – EY MENA Transaction Advisory Services – IPO Leader
gregory.hughes@ae.ey.com
+971 4701 1851



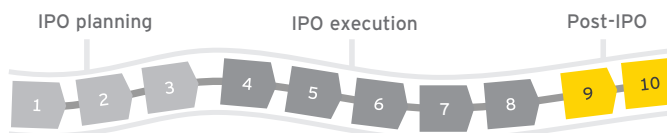
Darrell Traynor

Executive Director – EY MENA Transaction Advisory Services
darrell.traynor@ae.ey.com
+971 4312 9446

Key events

| Name of the event | Date | Theme |
|--------------------------------|------------|--|
| Mergermarket MENA Mergers 2018 | April 2018 | This flagship event will give you the opportunity to hear from expert speakers who will discuss and debate M&A activity in the Middle East and the wider emerging markets. Sessions will also explore future investment opportunities for dealmakers over the next year. |

How EY can help



- ▶ For any company considering an IPO on a MENA or international stock exchange, it is critical to map out the IPO value journey.
- ▶ As a first step to effective IPO planning, we recommend undertaking an IPO readiness diagnostic to identify the key gaps across several areas of the business when compared with best practice and stock exchange requirements.
- ▶ A key output of the IPO readiness diagnostic is a detailed road map of activities to address identified gaps, actioned with the assistance by EY professionals and other specialist advisors.
- ▶ Effective IPO planning and execution will increase your chances of a successful IPO transaction, help improve your business, and save time and costs during the IPO journey.

EY IPO services

- 1 IPO readiness diagnostic**
Including various follow-up services to help address the IPO readiness gaps identified
- 2 IPO execution services**
Dependent on listing destination, including: financial due diligence, working capital report, feasibility studies, valuation services, financial positions and prospects, MD&A section of prospectus drafting, comfort letters and project management services

EY has dedicated MENA IPO team, which have experience in executing IPO services across key exchanges in MENA and international regions.

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