

GCC M&A Report – Q3 2018

Transactions were the same compared to Q3 2017

October 2018

Research Highlights:

Provides a review of M&A transactions in the GCC region.

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During Q3 2018, the number of closed M&A transactions in the GCC were the same compared to Q3 2017. Among the region, transactions in Bahrain witnessed the highest growth while Saudi Arabia reported the sharpest decline in the number of transactions during the same period.

United Arab Emirates had the highest number of closed transactions among its GCC counterparts throughout the period. During Q3 2018, they accounted for 48% of the transactions, the highest, while Saudi Arabia and Oman each accounted for the lowest at 7%. Kuwait was the most prevalent target country among the top deals.

GCC acquirers accounted for 69% of the total closed transactions during Q3 2018. The Financials and Information Technology sectors witnessed the highest number of transactions, accounting for 42% of the total transactions. The Healthcare, Media, and Utilities sectors each accounted for 3% of the total number of transactions during Q3 2018.

Each of the GCC acquirers seemed to have a different appetite with regards to M&A transactions during Q3 2018. Kuwaiti acquirers preferred investing in their home country. Saudi acquirers mostly invested in the GCC region. UAE, Qatari, and Bahraini acquirers preferred investing outside the GCC. Omani acquirers didn't engage in any transactions either within or outside the GCC during Q3 2018.

Figure: Number of Closed GCC M&A Transactions

Country	Q3 2018	Q2 2018	Q3 2017	% Change (Q2 2018)	% Change (Q3 2017)
Bahrain	3	0	0	N/A	N/A
Kuwait	8	11	7	-27%	14%
Oman	2	1	1	100%	100%
Qatar	0	1	0	-100%	N/A
Saudi Arabia	2	8	4	-75%	-50%
United Arab Emirates	14	18	17	-22%	-18%
Total	29	39	29	-26%	0%

Source: S&P Capital IQ, GCC Stock Exchanges, Local Newspapers, Markaz Analysis
Kindly note that % changes are in comparison to Q3 2018.

GCC Merger & Acquisition Deals

Q3 2018



M&A Transactions within GCC



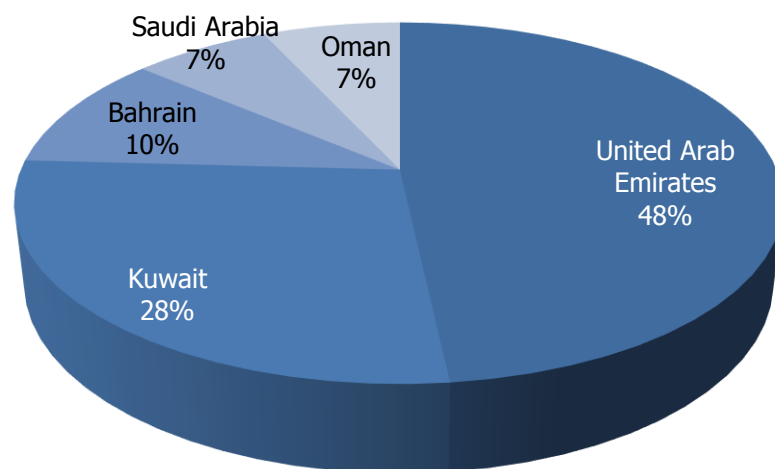
GCC Mergers & Acquisitions - Transaction History (Closed)

GCC M&A Transactions – Number of Transactions

Country	Q3 2018	Q2 2018	Q3 2017	% Change (Q2 2018)	% Change (Q3 2017)
Bahrain	3	0	0	N/A	N/A
Kuwait	8	11	7	-27%	14%
Oman	2	1	1	100%	100%
Qatar	0	1	0	-100%	N/A
Saudi Arabia	2	8	4	-75%	-50%
United Arab Emirates	14	18	17	-22%	-18%
Total	29	39	29	-26%	0%

Source: S&P Capital IQ, GCC Stock Exchanges, Local Newspapers, Markaz Analysis
Kindly note that % changes are in comparison to Q3 2018.

GCC M&A Transactions – Geographical Distribution by Number of Transactions (Q3 2018)



Key Takeaways

- ✧ Q3 2018 witnessed a 26% decline in the number of closed transactions as compared to Q2 2018, and had the same number of closed transactions compared to Q3 2017.
- ✧ UAE had the highest number of transactions among its GCC counterparts followed by Kuwait.
- ✧ During Q3 2018, the UAE accounted for 48% of the transactions, the highest, while Saudi Arabia and Oman each accounted for the lowest at 7%.
- ✧ Bahrain reported the highest increase in the number of transactions in Q3 2018 compared to Q3 2017, while Saudi Arabia reported the sharpest decline in the number of transactions during the same period.
- ✧ There were no closed transactions involving Qatari targets during Q3 2018.

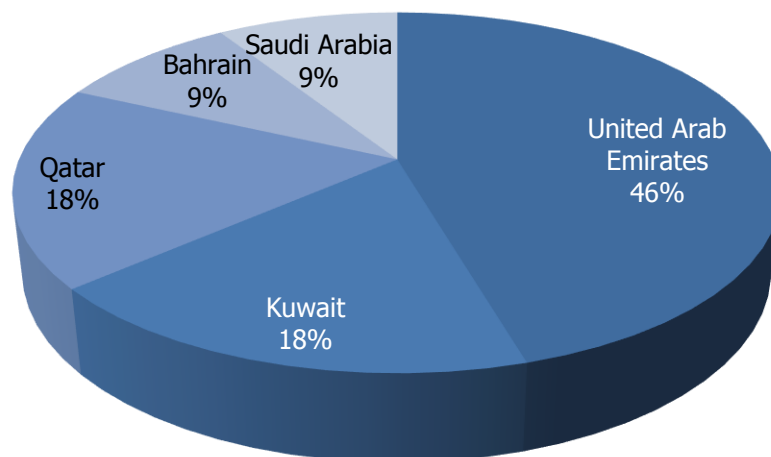
GCC Mergers & Acquisitions - Announced Transactions in the Pipeline

GCC M&A Transactions – Announced Pipeline Transactions

Country	Q3 2018	Q2 2018
Bahrain	1	0
Kuwait	2	5
Oman	0	2
Qatar	2	1
Saudi Arabia	1	4
United Arab Emirates	5	5
Total	11	17

Source: S&P Capital IQ, GCC Stock Exchanges, Local Newspapers, Markaz Analysis

GCC M&A Transactions – Geographical Distribution by Number of Announced Pipeline Transactions (Q3 2018)



Key Takeaways

- ✧ There was a total of 11 announced transactions in the pipeline during Q3 2018, representing a 35% decrease in the number of announced transactions compared to Q2 2018.
- ✧ UAE, Kuwait and Qatar collectively accounted for 82% of the announced transactions during Q3 2018.
- ✧ Bahrain and Saudi Arabia made up 18% of the announced transactions.
- ✧ There were no announced transactions involving Omani targets during Q3 2018.

GCC Mergers & Acquisitions - Top 5 Deals by Reported Value

Targets & Buyers – Q3 2018

Target Company	Target Country	Buyer	Buyer Country	Percent Sought	Deal Value (USDmn)	Status
Kuwait Energy	Kuwait	United Energy Group	China	100	491	Announced
Union Cement	United Arab Emirates	Shree Cement	India	93	305	Closed
Humansoft	Kuwait	N/A	N/A	17	226	Closed
Global Investment	Kuwait	KAMCO	Kuwait	70	157	Closed
4SALE	Kuwait	NBK Capital	Kuwait	56	100	Announced

Source: S&P Capital IQ, GCC Stock Exchanges, Local Newspapers, Markaz Analysis

Kindly note that top deals were chosen based on transactions which had all necessary information provided.

Key Takeaways

- ✧ The top reported deal value during Q3 2018 was \$491 million and involved United Energy Group reaching an agreement to acquire 100% of Kuwait Energy.
- ✧ India's Shree Cement acquired 93% of UAE's Union Cement for a total of \$305 million in an effort to expand its footprint in the GCC.
- ✧ Humansoft's major shareholder, Fahad Al Othman, has exited an additional 17% of his stake in the company for a total of \$226 million, leaving his remaining stake in the company to amount to 20%.
- ✧ KAMCO has completed its acquisition of 70% of Global Investment House for a total of \$157 million. The stake was acquired from NCH Ventures, which represents the creditor's group holding.
- ✧ NBK Capital was announced to have acquired a 56% stake in Kuwait-based online platform, 4SALE, for a total of \$100 million. It is worth noting that Q8Car acquired 4SALE in 2013 for \$1 million.

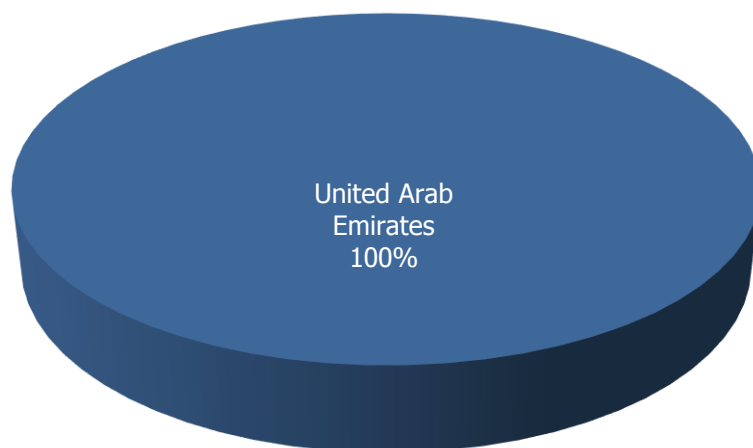
GCC Mergers & Acquisitions - Foreign (Non-GCC) Buyers (Closed)

Number of Foreign Buyers' Deals in GCC

Country	Q3 2018	Q2 2018	Q3 2017
Bahrain	0	0	0
Kuwait	0	0	0
Oman	0	0	0
Qatar	0	0	0
Saudi Arabia	0	1	0
United Arab Emirates	7	10	8
Total	7	11	8

Source: S&P Capital IQ, GCC Stock Exchanges, Local Newspapers, Markaz Analysis

GCC M&A Transactions – Geographical Distribution by Number of Transactions involving Foreign Buyers (Q3 2018)



Key Takeaways

- ✦ Q3 2018 witnessed a 13% decline in the number of completed transactions by foreign buyers compared to Q3 2017. In comparison to Q2 2018, the number of such transactions decreased by 36%.
- ✦ UAE targets represented 100% of the closed transactions by foreign acquirers during Q3 2018, similar to the same period in 2017.
- ✦ Saudi Arabia was the only country other than the UAE that seemed to attract foreign acquirers during Q2 2018.

GCC Mergers & Acquisitions - Top Deals by Reported Value (Foreign)

Targets & Foreign (Non-GCC) Buyers – Q3 2018

Target Company	Target Company Country	Buyer	Buyer Country	Percent Sought	Deal Value (USDmn)	Status
Kuwait Energy	Kuwait	United Energy Group	China	100	491	Announced
Union Cement	United Arab Emirates	Shree Cement	India	93	305	Closed
TGP	United Arab Emirates	Arena Event Services	United Kingdom	100	14	Announced
Premium Insurance	United Arab Emirates	Swissglobal	Switzerland	100	N/A	Closed
Emirates Retakaful	United Arab Emirates	AXA Liabilities	France	93	N/A	Announced

Source: S&P Capital IQ, GCC Stock Exchanges, Local Newspapers, Markaz Analysis

Kindly note that top deals were chosen based on transactions which had all necessary information provided.

Key Takeaways

- ✧ UAE was the most prevalent target country among the top transactions attracting buyers from India, the United Kingdom, Switzerland and France.
- ✧ The top reported deal value amounted to \$491 million and involved United Energy Group reaching an agreement to acquire 100% of Kuwait Energy.
- ✧ India's Shree Cement has acquired a 93% stake in UAE-based Union Cement for a total of \$305 million. The acquisition will allow Shree Cement to expand its footprint in the GCC.
- ✧ United Kingdom's Arena Event Services is announced to acquire UAE event service provider, TGP, for a total of \$14 million.
- ✧ Two of the top transactions involved the acquisition of targets in the insurance industry. Swissglobal acquired a 100% stake in UAE's Premium Insurance, while AXA Liabilities is announced to acquire 93% of Emirates Retakaful.

GCC Mergers & Acquisitions - By Sector (Closed)

Sector-wise Classification of Deals – Q3 2018

Sector	GCC Acquirers	Foreign Acquirers	Other*	Grand Total	%
Financials	5	1	0	6	21
Information Technology	3	3	0	6	21
Industrials	4	1	0	5	18
Insurance	2	1	0	3	10
Consumer Discretionary	2	0	0	2	7
Real Estate	1	0	1	2	7
Education	1	0	1	2	7
Healthcare	1	0	0	1	3
Media	0	1	0	1	3
Utilities	1	0	0	1	3
Grand Total	20	7	2	29	100

Sector-wise Classification of Deals – Q2 2018

Sector	GCC Acquirers	Foreign Acquirers	Other*	Grand Total	%
Industrials	6	2	0	8	20
Consumer Discretionary	3	2	1	6	15
Financials	6	0	0	6	15
Consumer Staples	3	3	0	6	15
Information Technology	4	2	0	6	15
Real Estate	1	1	0	2	5
Energy	0	1	0	1	3
Healthcare	1	0	0	1	3
Education	1	0	0	1	3
Telecommunication Services	1	0	0	1	3
Media	1	0	0	1	3
Grand Total	27	11	1	39	100

Key Takeaways

- ✧ GCC acquirers accounted for 69% of the total number of transactions during Q3 2018 and Q2 2018. Foreign acquirers accounted for 24% of the total number of transactions during Q3 2018 and 28% during Q2 2018. Buyer information was not available for 7% of the transactions in Q3 2018.
- ✧ The Financials and Information Technology sectors witnessed the highest number of transactions, accounting for 42% of the total closed transactions during Q3 2018.
- ✧ The Consumer Discretionary, Real Estate, and Education sectors each accounted for 7% of the total closed transactions during Q3 2018; collectively amounting to 21% of the transactions during the period.
- ✧ The Healthcare, Media, and Utilities sectors each accounted for 3% of the total number of transactions during Q3 2018.

M&A Transactions by GCC Acquirers

Note: No slide has been provided for both Bahraini and Omani acquirers. Bahraini acquirers only engaged in two transactions outside the GCC; information surrounding those transactions is very limited. Omani acquirers didn't engage in any announced or closed transactions either within or outside the GCC.



Merger & Acquisition Watch - By Kuwaiti Acquirers

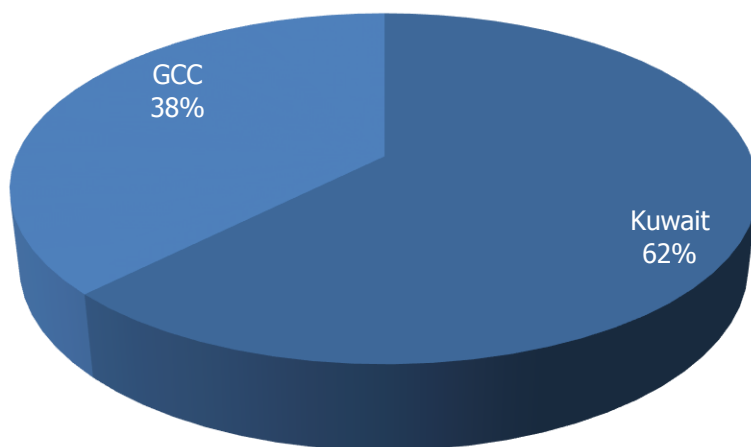
Targets & Buyers – Q3 2018

Target Company	Target Company Country	Buyer	Percent Sought	Deal Value (USDmn)	Status
Global Investment	Kuwait	KAMCO	70	157	Closed
4SALE	Kuwait	NBK Capital	56	100	Announced
ACICO Construction	Kuwait	N/A	23	60	Closed
HEISCO	Kuwait	Sufon Holding	12	24	Closed
Trade Union Insurance	Bahrain	Al Ahleia Insurance	37	14	Closed

Source: S&P Capital IQ, GCC Stock Exchanges, Local Newspapers, Markaz Analysis

Kindly note that top deals were chosen based on transactions which had all necessary information provided.

Target Companies – Geographical Distribution by Number of Transactions (Closed) (Q3 2018)



Key Takeaways

- ✧ The highest value among the top deals was \$157 million and involved KAMCO's acquisition of 70% of Global Investment House. The stake was acquired from NCH Ventures, which represents the creditor's group holding.
- ✧ NBK Capital was announced to have acquired a 56% stake in Kuwait-based online platform, 4SALE, for a total of \$100 million. It is worth noting that Q8Car acquired 4SALE in 2013 for \$1 million.
- ✧ ACICO Industries has sold a 23% stake in its subsidiary, ACICO Construction. The transaction lowered ACICO Industries' ownership in the company from 70% to 47%, no longer deeming it a subsidiary.
- ✧ Sufon Holding acquired Al Ahli Bank of Kuwait's 12% stake in HEISCO for a total of \$24 million.
- ✧ Al Ahleia Insurance has increased its stake in Bahrain's Trade Union Insurance by 37% for a total of \$14 million.

Merger & Acquisition Watch - By KSA Acquirers

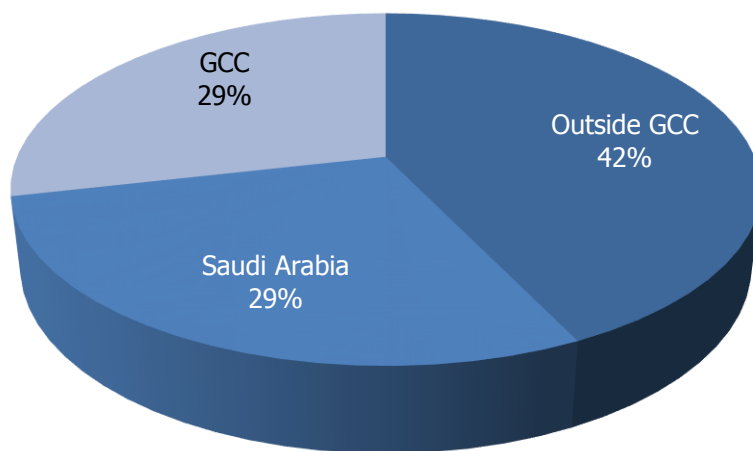
Targets & Buyers – Q3 2018

Target Company	Target Company Country	Buyer	Percent Sought	Deal Value (USDmn)	Status
Arlanxeo Holding	Netherlands	Saudi Aramco	50	1,741	Announced
Deezer	France	Kingdom Holding	N/A	267	Closed
Izdiad Commercial	Saudi Arabia	L'azurde	100	57	Closed
Mlekoma Group	Poland	SADAFCO	76	32	Closed
ACWA Power	Saudi Arabia	Public Investment Fund	15	N/A	Closed

Source: S&P Capital IQ, GCC Stock Exchanges, Local Newspapers, Markaz Analysis

Kindly note that top deals were chosen based on transactions which had all necessary information provided.

Target Companies – Geographical Distribution by Number of Transactions (Closed) (Q3 2018)



Key Takeaways

- ✧ The top reported deal value during Q3 2018 was \$1.7 billion, involving Saudi Aramco's announced acquisition of a 50% stake in synthetic rubber manufacturer, Arlanxeo Holding.
- ✧ Kingdom Holding has acquired a stake in Deezer, a digital music streaming provider, for a total of \$267 million. The acquisition will allow Deezer to distribute Rotana's audio and video content in the MENA region.
- ✧ Jewelry designer and manufacturer, L'azurde, has acquired 100% of Izdiad Commercial Company of Arabia, the sole franchisee of TOUS in Saudi Arabia, for a total of \$57 million.
- ✧ SADAFCO acquired a 76% stake in Poland's Mlekoma Group, a producer of dairy products, for a total of \$32 million.
- ✧ Saudi's Public Investment Fund has acquired a 15% stake in ACWA Power, resulting in a direct and indirect ownership in the company of 25%.

Merger & Acquisition Watch - By UAE Acquirers

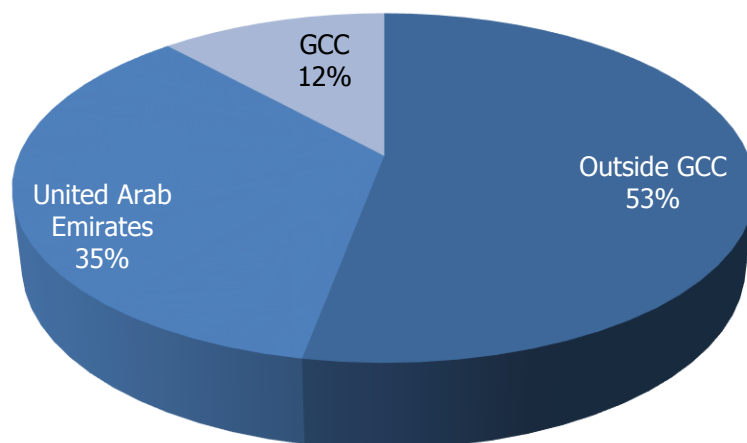
Targets & Buyers – Q3 2018

Target Company	Target Company Country	Buyer	Percent Sought	Deal Value (USDmn)	Status
Unifeeder A/S	Denmark	DP World	100	765	Closed
Agricost	Romania	Al Dahra Holding	100	245	Closed
Middlesex Associates	United Arab Emirates	Amanat Holdings	100	100	Closed
Royal Hospital for Women	Bahrain	Amanat Holdings	69	39	Closed
Amwal International Investment	Kuwait	SHUAA Capital	71	27	Closed

Source: S&P Capital IQ, GCC Stock Exchanges, Local Newspapers, Markaz Analysis

Kindly note that top deals were chosen based on transactions which had all necessary information provided.

Target Companies – Geographical Distribution by Number of Transactions (Closed) (Q3 2018)



Key Takeaways

- ✧ The top reported deal value was \$765 million and involved DP World's acquisition of a 100% stake in Danish transport solution provider, Unifeeder.
- ✧ Al Dahra Holding has acquired a 100% stake in Romania's largest agricultural producer, Agricost, for a total of \$245 million.
- ✧ Two of the top transactions involved the same buyer, Amanat Holdings. One of the transactions involved the 100% acquisition of Middlesex Associates, the owner of Middlesex University Dubai, while the other involved the acquisition of a 69% stake in Bahrain's Royal Hospital for Women.
- ✧ SHUAA Capital has acquired an additional 71% stake in Amwal International Investment Company through a voluntary tender offer. As a result of the offer, SHUAA's stake in Amwal has increased to 87%.

Merger & Acquisition Watch - By Qatari Acquirers

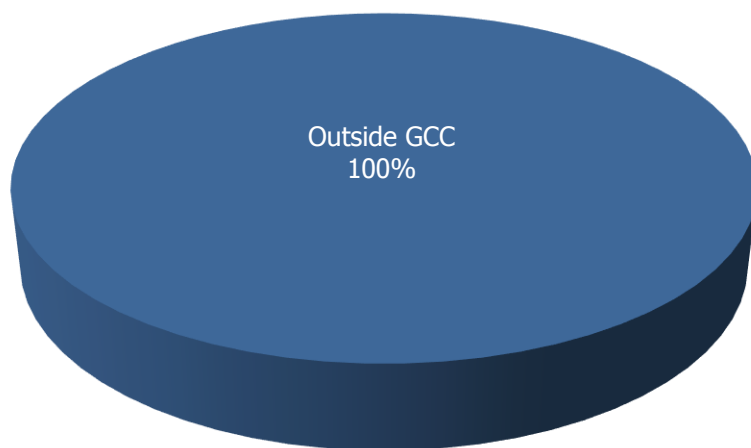
Targets & Buyers – Q3 2018

Target Company	Target Company Country	Buyer	Percent Sought	Deal Value (USDmn)	Status
The Dun & Bradstreet Corporation	United States	QIA / Thomas Lee Partners / Cannae Holdings / CC Capital	100	6,804	Announced
Barwa Bank	Qatar	International Bank of Qatar	100	N/A	Announced
Zon Exploitatie Nederland	Netherlands	Nebras Power	75	20	Closed

Source: S&P Capital IQ, GCC Stock Exchanges, Local Newspapers, Markaz Analysis

Kindly note that top deals were chosen based on transactions which had all necessary information provided.

Target Companies – Geographical Distribution by Number of Transactions (Closed) (Q3 2018)



Key Takeaways

- ✧ Qatar Investment Authority along with a consortium of buyers are announced to acquire 100% of The Dun & Bradstreet Corporation for a total of \$6.8 billion. The company provides analytics and insights to a wide range of businesses.
- ✧ Barwa Bank and the International Bank of Qatar are announced to merge, which will result in a leading Qatari Sharia-compliant financial institution.
- ✧ Nebras Power has acquired a 75% stake in Zon Exploitatie Nederland, a developer and operator of large-scale solar energy projects.
- ✧ Qatari acquirers didn't engage in any closed transactions in the GCC region, with 100% of the transactions involving targets abroad.

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