

GCC M&A Report – Q4 2018

Transactions increased by 83% compared to Q4 2017

January 2019

Research Highlights:

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

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During Q4 2018, the number of closed M&A transactions in the GCC increased by 83% compared to Q4 2017. Among the region, transactions in Saudi Arabia witnessed the highest growth (in percentage terms) while Bahrain was the only country among its GCC counterparts that didn't witness any change in the number of transactions during the same period.

United Arab Emirates and Kuwait had the highest number of closed transactions among their GCC counterparts throughout the period. During Q4 2018, they collectively accounted for 72% of the transactions, the highest, while Bahrain accounted for the lowest at 2%. Saudi Arabia was the most prevalent target country among the top deals.

GCC acquirers accounted for 75% of the total closed transactions during Q4 2018. The Financials, Consumer Discretionary, and Industrials sectors witnessed the highest number of transactions, collectively accounting for 59% of the total transactions. The Energy, Healthcare, and Insurance sectors each accounted for 4% of the total number of transactions during Q4 2018.

Each of the GCC acquirers seemed to have a different appetite with regards to M&A transactions during Q4 2018. Kuwaiti acquirers preferred investing in their home country and the greater GCC region. Saudi and UAE acquirers mostly invested in their home countries and outside the GCC region. Qatari and Omani acquirers preferred investing in their home countries. Bahraini acquirers only engaged in one transaction by acquiring a stake in a Saudi company.

Figure: Number of Closed GCC M&A Transactions

Country	Q4 2018	Q3 2018	Q4 2017	% Change (Q3 2018)	% Change (Q4 2017)
Bahrain	1	3	1	-67%	0%
Kuwait	18	8	12	125%	50%
Oman	4	2	1	100%	300%
Qatar	3	0	1	N/A	200%
Saudi Arabia	7	2	1	250%	600%
United Arab Emirates	20	14	13	43%	54%
Total	53	29	29	83%	83%

Source: S&P Capital IQ, GCC Stock Exchanges, Local Newspapers, Markaz Analysis
Kindly note that % changes are in comparison to Q4 2018.

GCC Merger & Acquisition Deals

Q4 2018



M&A Transactions within GCC



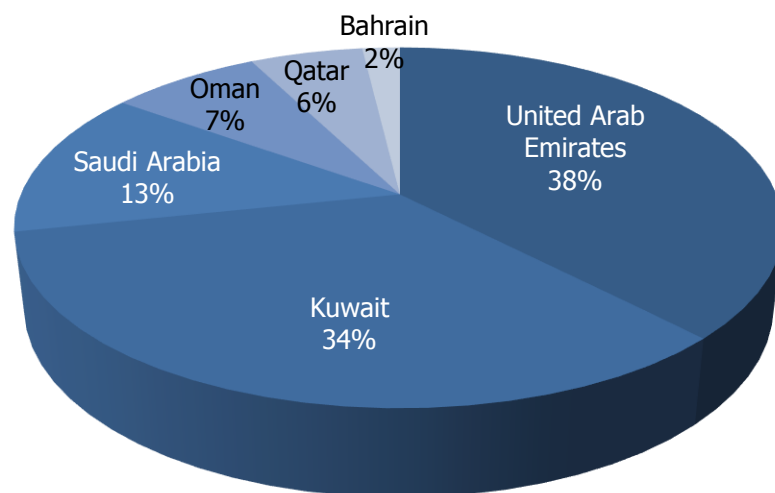
GCC Mergers & Acquisitions - Transaction History (Closed)

GCC M&A Transactions – Number of Transactions

Country	Q4 2018	Q3 2018	Q4 2017	% Change (Q3 2018)	% Change (Q4 2017)
Bahrain	1	3	1	-67%	0%
Kuwait	18	8	12	125%	50%
Oman	4	2	1	100%	300%
Qatar	3	0	1	N/A	200%
Saudi Arabia	7	2	1	250%	600%
United Arab Emirates	20	14	13	43%	54%
Total	53	29	29	83%	83%

Source: S&P Capital IQ, GCC Stock Exchanges, Local Newspapers, Markaz Analysis
Kindly note that % changes are in comparison to Q4 2018.

GCC M&A Transactions – Geographical Distribution by Number of Transactions (Q4 2018)



Key Takeaways

- ✧ Q4 2018 witnessed an 83% increase in the number of closed transactions as compared to Q3 2018 and Q4 2017.
- ✧ UAE and Kuwait had the highest number of transactions among their GCC counterparts.
- ✧ During Q4 2018, the UAE and Kuwait accounted for 38% and 34% of the transactions respectively, the highest, while Bahrain accounted for the lowest at 2%.
- ✧ Saudi Arabia reported the highest increase (in percentage terms) in the number of transactions in Q4 2018 compared to Q4 2017, while Bahrain was the only country among its GCC counterparts that didn't witness any change in the number of transactions during the same period.
- ✧ A large difference (in terms of the number of transactions) seems to exist between Kuwait, the second highest targeted country, and Saudi Arabia, the third highest targeted country, during Q4 2018.

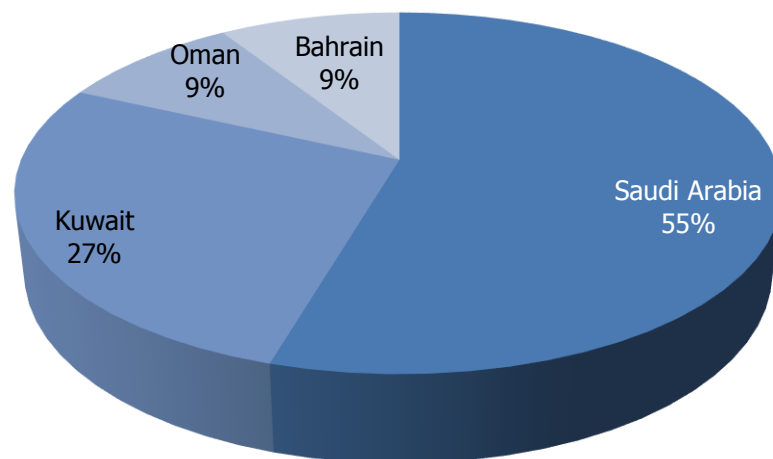
GCC Mergers & Acquisitions - Announced Transactions in the Pipeline

GCC M&A Transactions – Announced Pipeline Transactions

Country	Q4 2018	Q3 2018
Bahrain	1	1
Kuwait	3	2
Oman	1	0
Qatar	0	2
Saudi Arabia	6	1
United Arab Emirates	0	5
Total	11	11

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

GCC M&A Transactions – Geographical Distribution by Number of Announced Pipeline Transactions (Q4 2018)



Key Takeaways

- ✧ There was a total of 11 announced transactions in the pipeline during Q4 2018; the same as the number of announced transactions during Q3 2018.
- ✧ Saudi Arabia and Kuwait collectively accounted for 82% of the announced transactions during Q4 2018.
- ✧ Oman and Bahrain made up 18% of the announced transactions.
- ✧ There were no announced transactions involving Qatari and UAE targets during Q4 2018.

GCC Mergers & Acquisitions - Top 5 Deals by Reported Value

Targets & Buyers – Q4 2018

Target Company	Target Country	Buyer	Buyer Country	Percent Sought	Deal Value (USDmn)	Status
Sahara Petrochemical	Saudi Arabia	SIPCHEM	Saudi Arabia	100	2,305	Announced
Zain Saudi's 8,100 Tower Network	Saudi Arabia	IHS Holding Limited	Mauritius	100	648	Announced
ADNOC Drilling	United Arab Emirates	Baker Hughes	United States	5	550	Closed
Destinations of The World	United Arab Emirates	Webjet	Australia	100	173	Closed
Saudi Methanol Company	Saudi Arabia	SABIC	Saudi Arabia	25	150	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.

Key Takeaways

- ✧ The top reported deal value during Q4 2018 was \$2.3 billion and involved the announced merger of Sahara Petrochemicals with Saudi International Petrochemical Company (SIPCHEM).
- ✧ Zain Saudi has entered into a non-binding agreement to sell 8,100 of its tower network to IHS Holding for \$648 million in an effort to reduce its debt obligations and focus on its core operations.
- ✧ Baker Hughes has acquired a minority stake in ADNOC Drilling for \$550 million, marking the first time an international firm holds a direct stake in a UAE state-owned oil services business.
- ✧ Australia's Webjet has acquired 100% of UAE's Destinations of The World from Gulf Capital for \$173 million.
- ✧ SABIC increased its stake in Saudi Methanol to 75% by acquiring an additional 25% stake for \$150 million from Japan Saudi Arabia Methanol Company.

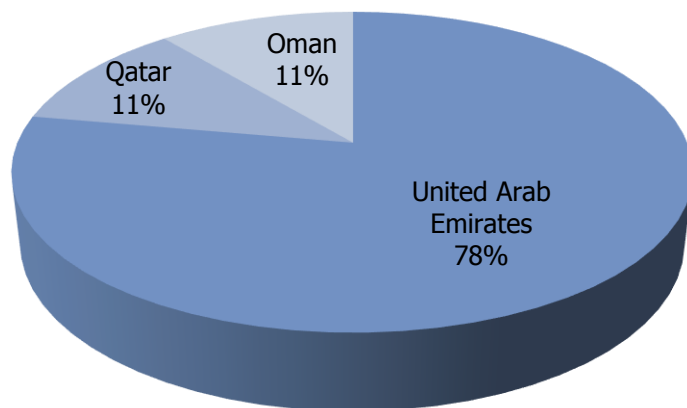
GCC Mergers & Acquisitions - Foreign (Non-GCC) Buyers (Closed)

Number of Foreign Buyers' Deals in GCC

Country	Q4 2018	Q3 2018	Q4 2017
Bahrain	0	0	0
Kuwait	0	0	0
Oman	1	0	1
Qatar	1	0	0
Saudi Arabia	0	0	0
United Arab Emirates	7	7	5
Total	9	7	6

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 (Q4 2018)



Key Takeaways

- ✦ Q4 2018 witnessed a 50% increase in the number of completed transactions by foreign buyers compared to Q4 2017. In comparison to Q3 2018, the number of such transactions grew by 29%.
- ✦ UAE targets represented 78% of the closed transactions by foreign acquirers during Q4 2018, while Qatar and Oman each represented 11% of the transactions during the same period.
- ✦ Bahraini, Kuwait and Saudi targets didn't attract any foreign buyers during Q4 2018.

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

Targets & Foreign (Non-GCC) Buyers – Q4 2018

Target Company	Target Country	Buyer	Buyer Country	Percent Sought	Deal Value (USDmn)	Status
Zain Saudi's 8,100 Tower Network	Saudi Arabia	IHS Holding Limited	Mauritius	100	648	Announced
ADNOC Drilling	United Arab Emirates	Baker Hughes	United States	5	550	Closed
Destinations of The World	United Arab Emirates	Webjet	Australia	100	173	Closed
Property Finder	United Arab Emirates	General Atlantic	United States	N/A	120	Closed
Neo Mena Technologies	United Arab Emirates	DWS Group	Germany	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.

Key Takeaways

- ✧ The top reported deal involved Zain Saudi's entrance into a non-binding agreement to sell 8,100 of its tower network to IHS Holding for \$648 million in an effort to reduce its debt obligations and focus on its core operations.
- ✧ Baker Hughes has acquired a minority stake in ADNOC Drilling for \$550 million, marking the first time an international firm holds a direct stake in a UAE state-owned oil services business.
- ✧ Australia's Webjet has acquired 100% of UAE's Destinations of The World from Gulf Capital for \$173 million.
- ✧ General Atlantic, a leading growth equity firm, has acquired a stake in UAE's real estate classifieds website, Property Finder, for \$120 million.
- ✧ Germany's DWS Group has acquired a 15% stake in Neo Mena Technologies in an effort to collaborate on expanding digital asset management services in the MENA region.

GCC Mergers & Acquisitions - By Sector (Closed)

Sector-wise Classification of Deals – Q4 2018

Sector	GCC Acquirers	Foreign Acquirers	Other*	Grand Total	%
Financials	7	2	2	11	21
Consumer Discretionary	7	2	1	10	19
Industrials	9	0	1	10	19
Real Estate	6	1	0	7	13
Consumer Staples	4	1	0	5	9
Media	2	1	0	3	5
Energy	1	1	0	2	4
Healthcare	2	0	0	2	4
Insurance	1	1	0	2	4
Logistics	1	0	0	1	2
Grand Total	40	9	4	53	100

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

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

*Other refers to deals where buyer information is not available.

Key Takeaways

- ✧ GCC acquirers accounted for 75% of the total number of transactions during Q4 2018 and 69% during Q3 2018. Foreign acquirers accounted for 17% of the total number of transactions during Q4 2018 and 24% during Q3 2018. Buyer information was not available for 8% of the transactions in Q4 2018.
- ✧ The Financials, Consumer Discretionary, and Industrials sectors witnessed the highest number of transactions, collectively accounting for 59% of the total closed transactions during Q4 2018.
- ✧ The Energy, Healthcare, and Insurance sectors each accounted for 4% of the total closed transactions during Q4 2018; collectively amounting to 12% of the transactions during the period.

M&A Transactions by GCC Acquirers

Note: No slide has been provided for Bahraini acquirers. Arcapita's investment of \$67 million in Saudi women gym chain, NuYu, was the only transaction by a Bahraini acquirer during Q4 2018.



Merger & Acquisition Watch - By Kuwaiti Acquirers

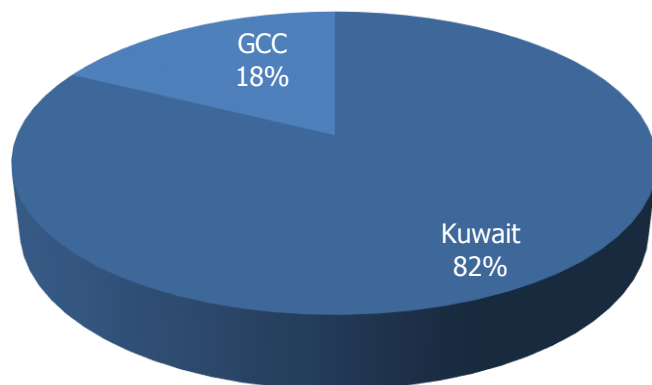
Targets & Buyers – Q4 2018

Target Company	Target Country	Buyer	Percent Sought	Deal Value (USDmn)	Status
4SALE	Kuwait	NBK Capital	56	100	Closed
New Technology Bottling Company	Kuwait	A. R. Al Sane & Sons Group	92	66	Closed
Bawabet Al Kuwait Holding	Kuwait	Ikarus Petroleum	9	21	Closed
Coast Investment	Kuwait	National International Holding	30	21	Announced
Al Kout Industrial Projects	Kuwait	Boubyan Petrochemical	7	18	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) (Q4 2018)



Key Takeaways

- ✧ The highest value among the top deals was \$100 million and involved NBK Capital's acquisition of a 56% stake in Kuwait-based online platform, 4SALE.
- ✧ A. R. Al Sane & Sons Group acquired a 92% stake in New Technology Bottling Company, the manufacturer and distributor of Abraaj Water, for a total value of \$66 million from a subsidiary of Kuwait Finance House.
- ✧ Ikarus Petroleum acquired a 9% stake in Bawabet Al Kuwait Holding for \$21 million.
- ✧ National International Holding has entered into an agreement to acquire a 30% stake in Coast Investment from Al Khair National for Stocks & Real Estate for \$21 million.
- ✧ Boubyan Petrochemical acquired an additional 7% stake in Al Kout Industrial Projects for \$18 million through a mandatory tender offer, increasing Boubyan's stake in Al Kout to 54%.

Merger & Acquisition Watch - By KSA Acquirers

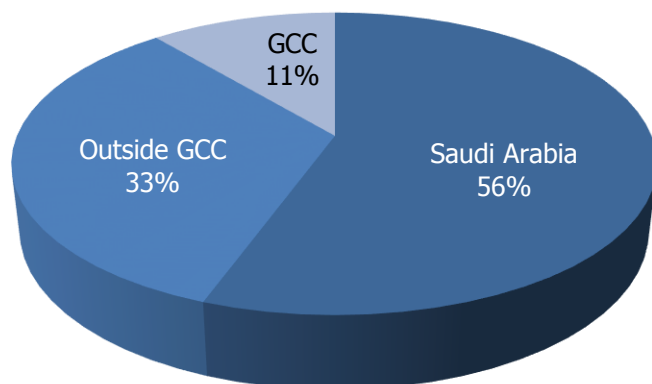
Targets & Buyers – Q4 2018

Target Company	Target Country	Buyer	Percent Sought	Deal Value (USDmn)	Status
Sahara Petrochemicals	Saudi Arabia	SIPCHEM	100	2,305	Announced
Arlanxeo Holding	Netherlands	Saudi Aramco	50	853	Closed
Saudi Methanol Company	Saudi Arabia	SABIC	25	150	Closed
Zakhr Investment	Saudi Arabia	Mohammed Alsubeaei & Sons	30	101	Closed
ENOCHEM	Saudi Arabia	Sahara Petrochemicals	30	65	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) (Q4 2018)



Key Takeaways

- ✧ The top reported deal value during Q4 2018 was \$2.3 billion and involved the announced merger of Sahara Petrochemicals with Saudi International Petrochemical Company (SIPCHEM).
- ✧ Saudi Aramco acquired an additional 50% stake in synthetic rubber manufacturer, Arlanxeo Holding, for \$853 million from LANXESS; thereby increasing its stake in the former to 100%.
- ✧ SABIC increased its stake in Saudi Methanol Company to 75% by acquiring an additional 25% stake for \$150 million from Japan Saudi Arabia Methanol Company.
- ✧ Mohammed I. Alsubeaei & Sons Investment Company acquired a 30% stake in Zakhr Investment & Real Estate Development for \$101 million.
- ✧ Sahara Petrochemicals acquired Sanabil Investments' 30% stake in Khair Inorganic Chemical Industries Company (ENOCHEM) for \$65 million.

Merger & Acquisition Watch - By UAE Acquirers

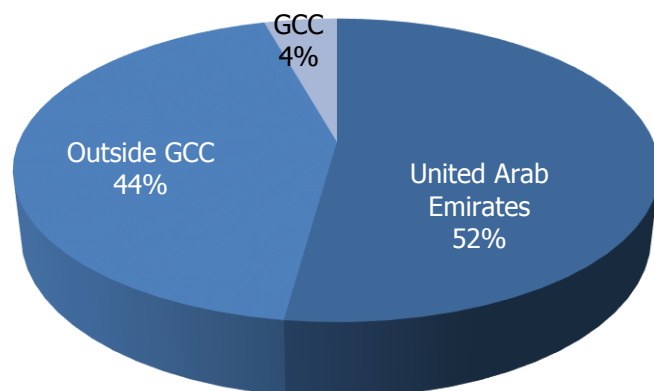
Targets & Buyers – Q4 2018

Target Company	Target Country	Buyer	Percent Sought	Deal Value (USDmn)	Status
Cellnex Telecom	Spain	Infinity Investments	6	343	Announced
Azadea Group	Lebanon	Dubai Holding	N/A	N/A	Announced
PKB Korporacija	Serbia	Al Dahra Holding	100	172	Closed
Petronash Holdings	United Arab Emirates	Waha Capital	N/A	88	Closed
Mumzworld	United Arab Emirates	Gulf Islamic Investments	N/A	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) (Q4 2018)



Key Takeaways

- ✧ The top reported deal value was \$343 million and involved Infinity Investments', a subsidiary of Abu Dhabi Investment Authority, announced acquisition of a minority stake in Spain's Cellnex Telecom for \$343 million.
- ✧ Dubai Holding has agreed to acquire a minority stake in Lebanon-based Azadea Group, an operator of more than 50 international franchises in 13 countries through more than 650 stores.
- ✧ Al Dahra Holding has acquired 100% of Serbian dairy production company, PKB Korporacija, for a total of \$172 million.
- ✧ Waha Capital has acquired a minority stake in UAE-based Petronash Holdings, a manufacturer of chemical injection systems and wellhead control panels, for \$88 million.
- ✧ Gulf Islamic Investments has acquired a significant stake in Mumzworld, the largest online baby shop in the Middle East, for \$20 million.

Merger & Acquisition Watch - By Qatari Acquirers

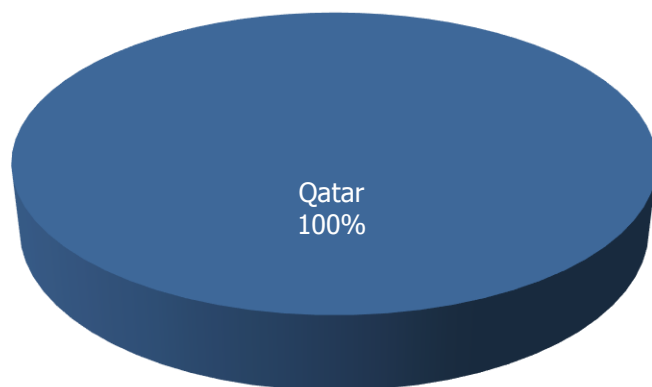
Targets & Buyers – Q4 2018

Target Company	Target Country	Buyer	Percent Sought	Deal Value (USDmn)	Status
Rosneft	Russia	Qatar Investment Authority	7	4,223	Announced
SEEF Limited	Qatar	Qatar Petroleum	20	59	Closed
Consolidated Engineering Systems Company	Qatar	Investment Holding Group	40	53	Closed
Boyner Perakende ve Tekstil	Turkey	Mayhoola for Investments	11	22	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.

Target Companies – Geographical Distribution by Number of Transactions (Closed) (Q4 2018)



Key Takeaways

- ✧ Qatar Investment Authority (QIA) is announced to acquire a 7% stake in Russian oil company, Rosneft, for a total of \$4.2 billion. The deal will result in QIA becoming the third largest shareholder in the company after the Russian Government and British Petroleum.
- ✧ Qatar Petroleum has acquired United Development Company's 20% stake in SEEF Limited, a Qatar-based petrochemical company, for \$59 million. SEEF will be 100% owned by Qatar Petroleum as result of the transaction.
- ✧ Investment Holding Group has increased its stake in Consolidated Engineering Systems Company to 100% by acquiring an additional 40% stake for \$53 million.
- ✧ Mayhoola for Investments is announced to acquire a minority stake in Turkish retail company, Boyner Perakende ve Tekstil Yatirimlari, for \$22 million.

Merger & Acquisition Watch - By Omani Acquirers

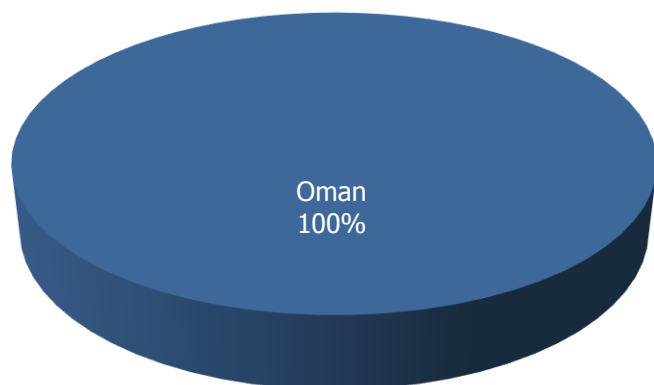
Targets & Buyers – Q4 2018

Target Company	Target Country	Buyer	Percent Sought	Deal Value (USDmn)	Status
ARM Cement	Kenya	Raysut Cement	100	100	Announced
Oman Arab Bank	Oman	Alizz Islamic Bank	100	N/A	Announced
National Finance Company	Oman	Ominvest	N/A	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) (Q4 2018)



Key Takeaways

- ✧ Raysut Cement Company has expressed its interest in acquiring a 100% stake in ARM Cement, a leading Kenyan cement manufacturer, for \$100 million.
- ✧ Alizz Islamic Bank has announced its planned merger with Oman Arab Bank. Both parties are currently in the due diligence phase of the proposed merger.
- ✧ Oman International Development and Investment Company (Ominvest) has increased its stake in National Finance Company to 35%.

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