

GCC M&A Report – Q1 2019

Transactions increased by 39% compared to Q1 2018

April 2019

Research Highlights:

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

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During Q1 2019, the number of closed M&A transactions in the GCC increased by 39% compared to Q1 2018. Among the region, transactions in Kuwait witnessed the highest growth while Qatar 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 Q1 2019, they collectively accounted for 70% of the transactions, the highest, while Oman and Qatar each accounted for the lowest at 2%. United Arab Emirates was the most prevalent target country among the top deals.

GCC acquirers accounted for 60% of the total closed transactions during Q1 2019. The Industrials, Financials, and Consumer Discretionary sectors witnessed the highest number of transactions, collectively accounting for 62% of the total transactions. The Media, Insurance, Telecommunication Services, and Aviation sectors each accounted for 2% of the total number of transactions during Q1 2019.

Each of the GCC acquirers seemed to have a different appetite with regards to M&A transactions during Q1 2019. Kuwaiti acquirers preferred investing in their home country. Saudi Arabia mostly invested in their home country and equally between other GCC countries and outside the GCC. UAE acquirers mostly invested outside the GCC and within their home country. Bahraini acquirers only invested outside the GCC. Qatari and Omani acquirers each engaged in one acquisition in their respective countries.

Figure: Number of Closed GCC M&A Transactions

Country	Q1 2019	Q4 2018	Q1 2018	% Change (Q4 2018)	% Change (Q1 2018)
Bahrain	0	1	1	-100%	-100%
Kuwait	16	18	5	-11%	220%
Oman	1	4	3	-75%	-67%
Qatar	1	3	1	-67%	0%
Saudi Arabia	13	7	5	86%	160%
United Arab Emirates	19	20	21	-5%	-10%
Total	50	53	36	-6%	39%

Source: S&P Capital IQ, GCC Stock Exchanges, Local Newspapers, Markaz Analysis
Kindly note that % changes are in comparison to Q1 2019.

GCC Merger & Acquisition Deals

Q1 2019



M&A Transactions within GCC



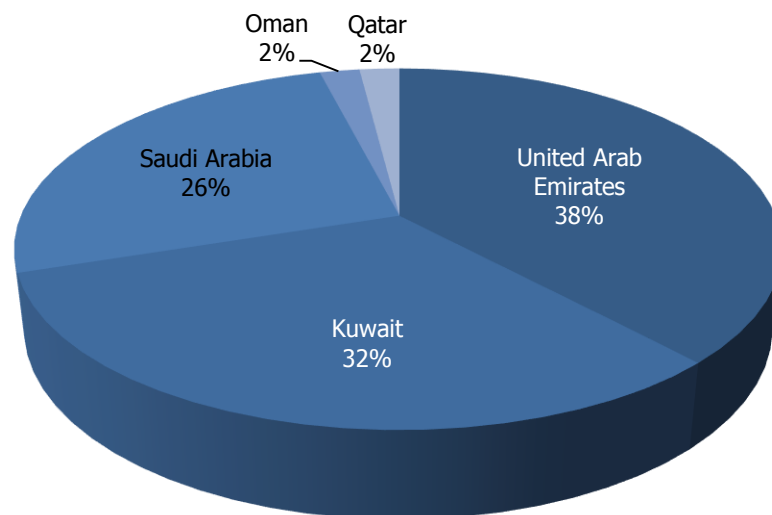
GCC Mergers & Acquisitions - Transaction History (Closed)

GCC M&A Transactions – Number of Transactions

Country	Q1 2019	Q4 2018	Q1 2018	% Change (Q4 2018)	% Change (Q1 2018)
Bahrain	0	1	1	-100%	-100%
Kuwait	16	18	5	-11%	220%
Oman	1	4	3	-75%	-67%
Qatar	1	3	1	-67%	0%
Saudi Arabia	13	7	5	86%	160%
United Arab Emirates	19	20	21	-5%	-10%
Total	50	53	36	-6%	39%

Source: S&P Capital IQ, GCC Stock Exchanges, Local Newspapers, Markaz Analysis
Kindly note that % changes are in comparison to Q1 2019.

GCC M&A Transactions – Geographical Distribution by Number of Transactions (Q1 2019)



Key Takeaways

- ✧ Q1 2019 witnessed a 6% decline in the number of closed transactions as compared to Q4 2018 and a 39% increase as compared to Q1 2018.
- ✧ UAE and Kuwait had the highest number of closed transactions among their GCC counterparts.
- ✧ During Q1 2018, the UAE and Kuwait accounted for 38% and 32% of the transactions respectively, the highest, while Oman and Qatar each accounted for the lowest at 2%.
- ✧ Kuwait reported the highest increase in the number of closed transactions in Q1 2019 compared to Q1 2018, while Qatar was the only country among its GCC counterparts that didn't witness any change in the number of transactions during the same period.
- ✧ There were no closed transactions involving Bahraini targets during Q1 2019.

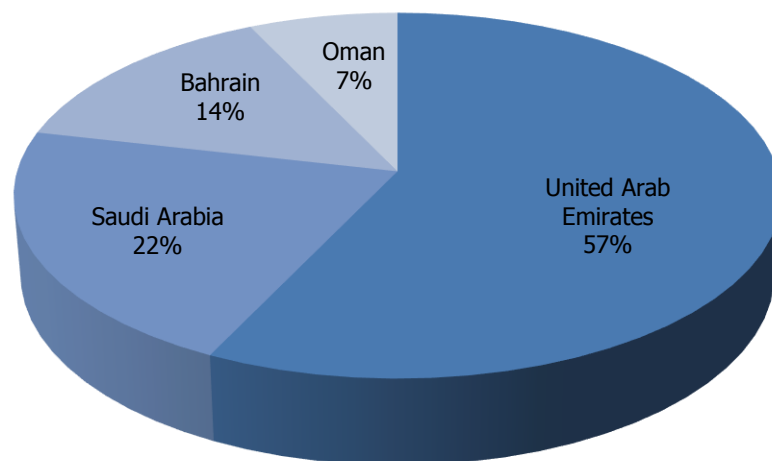
GCC Mergers & Acquisitions - Announced Transactions in the Pipeline

GCC M&A Transactions – Announced Pipeline Transactions

Country	Q1 2019	Q4 2018
Bahrain	2	1
Kuwait	0	3
Oman	1	1
Qatar	0	0
Saudi Arabia	3	6
United Arab Emirates	8	0
Total	14	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 (Q1 2019)



Key Takeaways

- ✧ There was a total of 14 announced transactions in the pipeline during Q1 2019; representing a 27% increase in the number of announced transactions compared to Q4 2018.
- ✧ UAE and Saudi Arabia collectively accounted for 79% of the announced transactions during Q1 2019.
- ✧ Oman and Bahrain made up 21% of the announced transactions.
- ✧ There were no announced transactions involving Kuwaiti and Qatari targets during Q1 2019.

GCC Mergers & Acquisitions - Top 5 Deals by Reported Value

Targets & Buyers – Q1 2019

Target Company	Target Country	Buyer	Buyer Country	Percent Sought	Deal Value (USDmn)	Status
SABIC	Saudi Arabia	Saudi Aramco	Saud Arabia	70	69,100	Closed
Ahli United Bank	Bahrain	KFH	Kuwait	100	N/A	Announced
ADNOC Refining	United Arab Emirates	Eni / OMV	Italy / Austria	35	5,800	Announced
ADNOC Oil Pipelines	United Arab Emirates	KKR / BlackRock	United States	40	4,000	Closed
Union National Bank	United Arab Emirates	ADCB	United Arab Emirates	100	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

- ✧ The top reported deal value during Q1 2019 was \$69.1 billion and involved Saudi Aramco's acquisition of a 70% stake in SABIC from the Public Investment Fund of Saudi Arabia.
- ✧ Two of the top transactions involved the announced merger of banks. Kuwait Finance House (KFH) has announced its intention to merge with Ahli United Bank (AUB) at an average exchange ratio of 2.3 shares of AUB for each share of KFH. ADCB and Union National Bank have agreed to merge and collectively acquire Al Hilal Bank, whereby the merged entities will have a \$114 billion asset base.
- ✧ Italy's Eni and Austria's OMV will collectively acquire a 35% stake in ADNOC Refining for an estimated \$5.8 billion, whereby ADNOC will retain the remaining 65% stake in the company.
- ✧ KKR and BlackRock have acquired a 40% stake in ADNOC Oil Pipelines, an entity that will lease ADNOC's interest in 18 pipelines for 23 years.

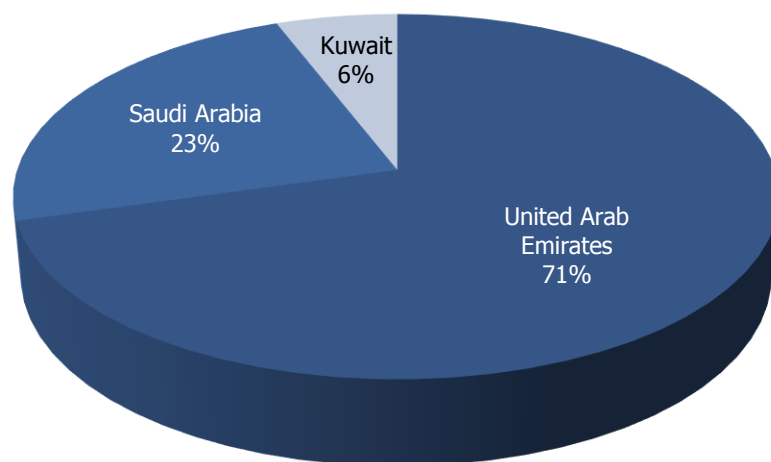
GCC Mergers & Acquisitions - Foreign (Non-GCC) Buyers (Closed)

Number of Foreign Buyers' Deals in GCC

Country	Q1 2019	Q4 2018	Q1 2018
Bahrain	0	0	0
Kuwait	1	0	1
Oman	0	1	2
Qatar	0	1	0
Saudi Arabia	4	0	2
United Arab Emirates	12	7	5
Total	17	9	10

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 (Q1 2019)



Key Takeaways

- ✦ Q1 2019 witnessed a 70% increase in the number of completed transactions by foreign buyers compared to Q1 2018. In comparison to Q4 2018, the number of such transactions grew by 89%.
- ✦ UAE targets represented 71% of the closed transactions by foreign acquirers during Q1 2019, while Saudi Arabia and Kuwait represented 23% and 6% respectively of the transactions during the same period.
- ✦ Bahraini, Omani and Qatari targets didn't attract any foreign buyers during Q1 2019.

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

Targets & Foreign (Non-GCC) Buyers – Q1 2019

Target Company	Target Country	Buyer	Buyer Country	Percent Sought	Deal Value (USDmn)	Status
ADNOC Refining	United Arab Emirates	Eni / OMV	Italy / Austria	35	5,800	Announced
ADNOC Oil Pipelines	United Arab Emirates	KKR / BlackRock	United States	40	4,000	Closed
Careem	United Arab Emirates	Uber	United States	100	3,100	Closed
Kuwait Energy	Kuwait	United Energy Group	China	100	477	Closed
Zomato – UAE business	United Arab Emirates	Delivery Hero	Germany	100	172	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 Italy's Eni and Austria's OMV announced decision to collectively acquire a 35% stake in ADNOC Refining for an estimated \$5.8 billion, whereby ADNOC will retain the remaining 65% stake in the company.
- ✧ KKR and BlackRock have acquired a 40% stake in ADNOC Oil Pipelines, an entity that will lease ADNOC's interest in 18 pipelines for 23 years.
- ✧ Uber has acquired its Middle East rival, Careem, for a total of \$3.1 billion making it the largest acquisition in the region's technology sector.
- ✧ United Energy Group has completed its 100% acquisition of Kuwait Energy for a total of \$477 million.
- ✧ Delivery Hero has acquired Zomato's UAE business for a total of \$172 million, further increasing its portfolio of online food delivery platforms in the Middle East region.

GCC Mergers & Acquisitions - By Sector (Closed)

Sector-wise Classification of Deals – Q1 2019

Sector	GCC Acquirers	Foreign Acquirers	Other*	Grand Total	%
Industrials	9	7	0	16	32
Financials	8	0	0	8	16
Consumer Discretionary	4	2	1	7	14
Energy	2	2	0	4	8
Real Estate	2	1	1	4	8
Healthcare	3	0	0	3	6
Consumer Staples	2	0	0	2	4
Information Technology	0	2	0	2	4
Media	0	1	0	1	2
Insurance	0	1	0	1	2
Telecommunication Services	0	0	1	1	2
Aviation	0	1	0	1	2
Grand Total	30	17	3	50	100

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

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 60% of the total number of transactions during Q1 2019 and 75% during Q4 2018. Foreign acquirers accounted for 34% of the total number of transactions during Q1 2019 and 17% during Q4 2018. Buyer information was not available for 6% of the transactions in Q1 2019.
- ✧ The Industrials, Financials, and Consumer Discretionary sectors witnessed the highest number of transactions, collectively accounting for 62% of the total closed transactions during Q1 2019.
- ✧ The Media, Insurance, Telecommunication Services, and Aviation sectors each accounted for 2% of the total closed transactions during Q1 2019; collectively amounting to 8% of the transactions during the period.

M&A Transactions by GCC Acquirers

Note: No slide has been provided for Qatari and Omani acquirers. Qatar Shipping Company's acquisition of a 6% stake in Qatar Gas Transport Company, was the only closed transaction involving a Qatari acquirer during Q1 2019. Gulf Investment Services Holding Company's acquisition of a 30% stake in Gulf Baader Capital Markets, was the only closed transaction involving a Omani acquirer during Q1 2019.



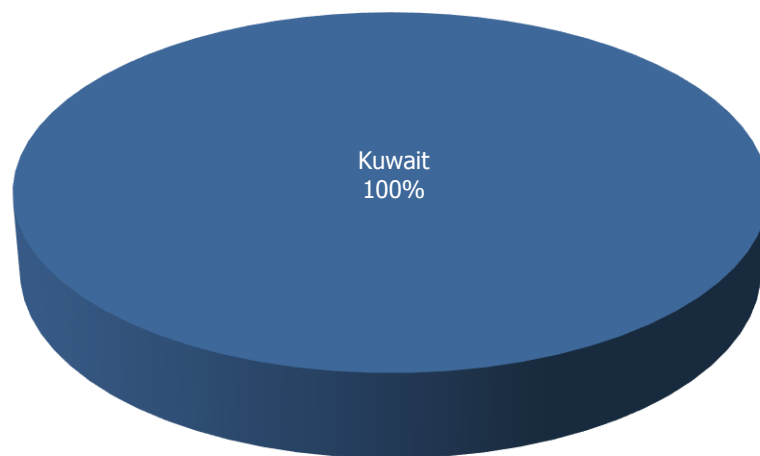
Merger & Acquisition Watch - By Kuwaiti Acquirers

Targets & Buyers – Q1 2019

Target Company	Target Country	Buyer	Percent Sought	Deal Value (USDmn)	Status
Ahli United Bank	Bahrain	KFH	100	N/A	Announced
Boursa Kuwait	Kuwait	NIC Consortium	44	66	Closed
Noor Integrated	Kuwait	Jiyad Holding	100	60	Closed
KMEFIC	Kuwait	Warba Bank	76	34	Closed
Kuwait Foundry	Kuwait	NIC	20	26	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) (Q1 2019)



Key Takeaways

- ✧ The top deal included Kuwait Finance House's (KFH) announced intention to merge with Ahli United Bank (AUB) at an average exchange ratio of 2.3 shares of AUB for each share of KFH.
- ✧ A consortium led by National Investments Company (NIC) and including Arzan Financial Group, First Investment Company, and the Athens Stock Exchange has acquired the strategic investor's stake (44%) in Boursa Kuwait for a total of \$66 million.
- ✧ Warba Bank has acquired a 76% stake in Kuwait and Middle East Financial Investment Company (KMEFIC) from AUB for a total of \$34 million. As such, Warba will have to submit a mandatory tender offer (MTO) for the remaining shares it doesn't currently own.
- ✧ NIC has acquired half of Al Khair National for Stocks and Real Estate's stake in Kuwait Foundry Company for a total of \$26 million, while Boubyan Petrochemical had acquired the other half.

Merger & Acquisition Watch - By KSA Acquirers

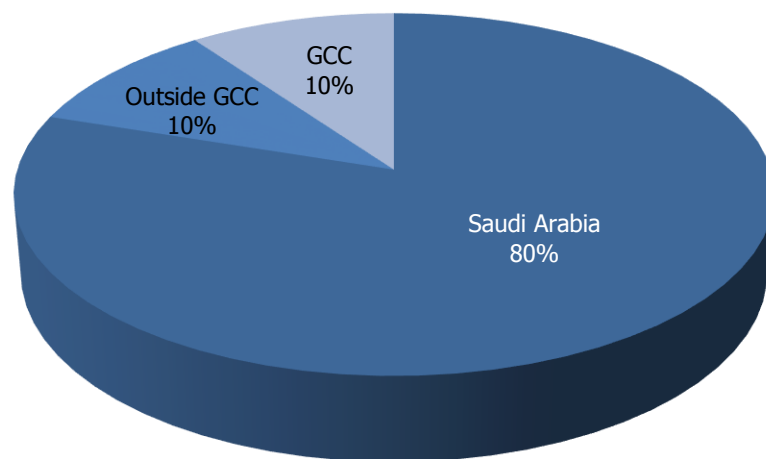
Targets & Buyers – Q1 2019

Target Company	Target Country	Buyer	Percent Sought	Deal Value (USDmn)	Status
SABIC	Saudi Arabia	Saudi Aramco	70	69,100	Closed
Hyundai Oilbank	South Korea	Saudi Aramco	20	1,600	Announced
Banque Saudi Fransi	Saudi Arabia	Olayan Saudi Investment / Ripplewood	5	496	Closed
Arnon Plastic	Saudi Arabia	Bawan	100	51	Closed
Premier Foods	Saudi Arabia	Almarai	100	29	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) (Q1 2019)



Key Takeaways

- ✧ The top reported deal value during Q1 2019 was \$69.1 billion and involved Saudi Aramco's acquisition of a 70% stake in SABIC from the Public Investment Fund of Saudi Arabia.
- ✧ Saudi Aramco is intending to acquire a 20% stake in Hyundai Oilbank from Hyundai Heavy Industries for an estimated \$1.6 billion.
- ✧ Olayan Saudi Investment Company and Ripplewood Advisors have together acquired a 5% stake in Banque Saudi Fransi from Credit Agricole for \$496 million.
- ✧ Bawan has acquired a 100% stake in Arnon Plastic Industries from Saudi's Al Fozan Holding Group for a total of \$51 million.
- ✧ Almarai has acquired a 100% stake in Premier Foods, a producer of meat and poultry, from Alamar Foods, for a total of \$29 million.

Merger & Acquisition Watch - By UAE Acquirers

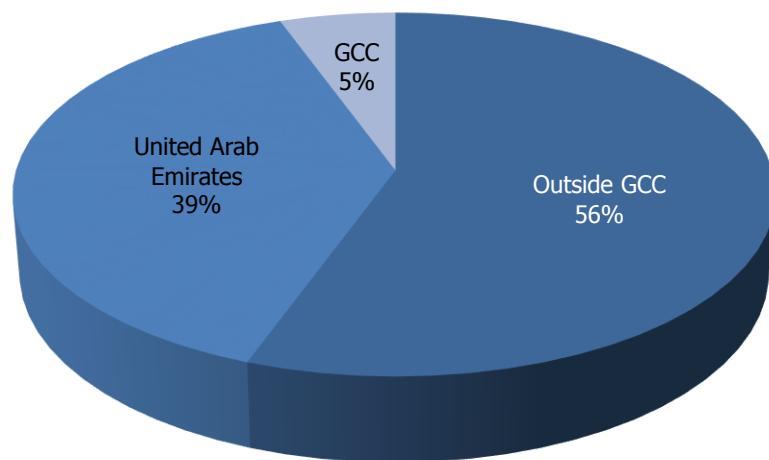
Targets & Buyers – Q1 2019

Target Company	Target Country	Buyer	Percent Sought	Deal Value (USDmn)	Status
Union National Bank	United Arab Emirates	ADCB	100	N/A	Announced
Ma'arif for Education	Saudi Arabia	GEMS	N/A	400	Announced
Puertos y Logistica	Chile	DP World	71	358	Closed
Namshi	United Arab Emirates	Emaar Malls	49	129	Closed
AURUS	Russia	Tawazun	36	124	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) (Q1 2019)



Key Takeaways

- ✧ Abu Dhabi Commercial Bank (ADCB) and Union National Bank have agreed to merge and collectively acquire Al Hilal Bank, whereby the merged entities will have a \$114 billion asset base.
- ✧ GEMS Education is in advanced talks to acquire a stake in Saudi Arabia's largest owner and operator of private schools, Ma'arif for Education & Training, for a total of \$400 million.
- ✧ DP World has acquired a 71% stake in Chile's Puertos y Logistica, the owner of the two largest multipurpose terminals in Chile, for a total of \$358 million.
- ✧ Emaar Malls has acquired the remaining 49% stake it doesn't currently own in Namshi for a total of \$129 million. Emaar had acquired a 51% stake in Namshi two years ago for \$151 million.
- ✧ Tawazun Economic Council is announced to acquire a 36% stake in Russian automobile manufacturer, AURUS, by investing \$124 million.

Merger & Acquisition Watch - By Bahraini Acquirers

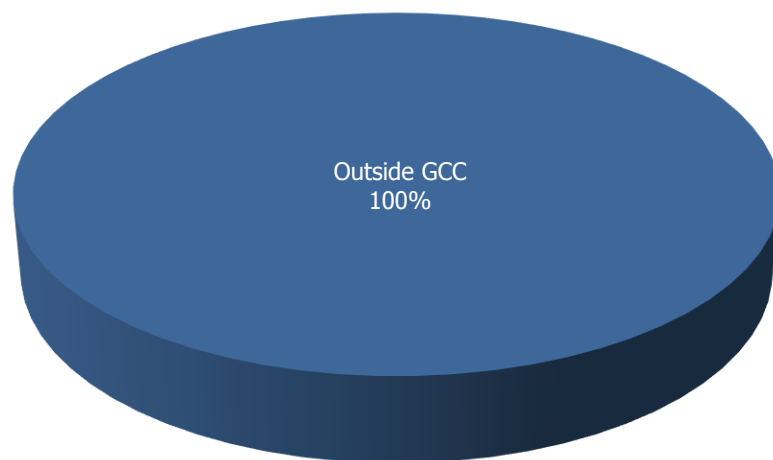
Targets & Buyers – Q1 2019

Target Company	Target Country	Buyer	Percent Sought	Deal Value (USDmn)	Status
PE and Real Estate Business of IDFC Alternatives	India	Investcorp	100	N/A	Closed
Health Plus Management	United States	Investcorp	N/A	N/A	Closed
Cambio Healthcare	Sweden	Investcorp	N/A	N/A	Closed
Revature	United States	Investcorp	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) (Q1 2019)



Key Takeaways

- ✧ The Private Equity and Real Estate Investment Management business of India's IDFC Alternatives were acquired by Investcorp.
- ✧ Investcorp acquired two healthcare sector targets during Q1 2019 namely Health Plus Management and Cambio Healthcare. Health Plus Management offers health management services to physicians including non-medical front and back office operations. Cambio Healthcare offers software solutions for acute, primary, social and person specific care.
- ✧ Revature, a U.S.-based leading technology talent development company, was acquired by Investcorp.
- ✧ All of the transactions were closed.

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