

## GCC IPOs: 2020 - The Year That Was...

January-2021

### GCC IPOs in 2020 cooled off from a blockbuster 2019, but remained active in H2-2020

After witnessing the landmark IPO of Aramco in 2019, the GCC IPO market remained active in 2020, despite the Covid-19 led market sell-off witnessed in early 2020, as issuances picked up in H2-2020. Total number of IPOs from the GCC both on regional and international exchanges declined to 7 issuances in 2020, from 12 issuances in 2019, as per our analysis. Proceeds for 2020 from GCC issuers both on regional and international exchanges reached USD 1.87 Bn from USD 29.04 Bn in 2019. The IPO market in the GCC could have witnessed higher activity in 2020 in our view, particularly in H1-2020, as issuers chose to defer their primary market entrances, until secondary markets recover from the impact of Covid-19. This led to the backend loaded issuances in 2020, while other issuers pushed their ambitions into 2021.

### Saudi continued its leadership in 2020; widespread sector participation in the GCC

In terms of GCC IPOs listed regionally, Saudi Arabia continued to provide leadership for primary markets in 2020, as 4 out of the 7 GCC IPOs debuted on the Tadawul. Saudi Arabia also dominated in terms of IPO proceeds, raking in 78% of issuances at USD 1.45 Bn. Qatar was the other incumbent market that witnessed a primary issuance, with the IPO of QLM Life & Medical Insurance Company, as the company raised USD 178 Mn in Dec-2020. UAE re-entered regional IPO markets with the issuance of Al Mal Capital REIT worth USD 95.3 Mn. Healthcare operator-Dr. Sulaiman Al Habib Medical Services from Saudi Arabia witnessed the largest IPO in the region in 2020, with proceeds of USD 698.6 Mn, followed by retailer – Bin Dawood Holding (Saudi Arabia) with proceeds of USD 585.1 Mn.

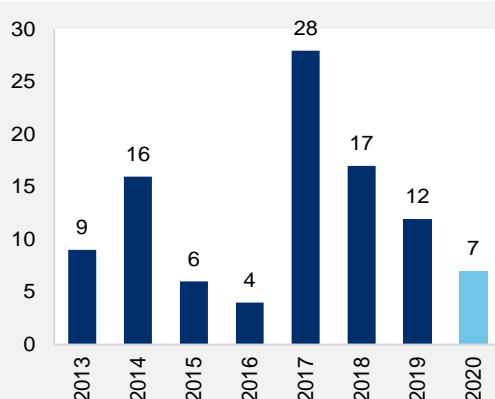
### Global IPO issuances highest since 2010; Tech and Healthcare top sectors in 2020

Global IPO volumes increased 15% y-o-y from 2019 to reach 1,322 issuances in 2020, as per EY. According to EY, IPO proceeds rose by 26% y-o-y in 2020 to USD 263 Bn, and witnessed the highest proceeds since 2010. The increase in IPO proceeds was reportedly driven by a 69% y-o-y growth in issuances seen in the US at USD 86 Bn, while the number of new issues moved higher by 32% y-o-y to 222. China including Hong Kong witnessed a growth of 41% y-o-y in terms of number of issuances that reached 514, while issuance proceeds jumped by 51% y-o-y to USD 116 Bn, as per EY. Growth in Europe reportedly clocked 9% y-o-y in terms of IPO proceeds at USD 27 Bn in 2020, while the number of issuances grew 17% y-o-y from 2019 to reach 176 IPOs.

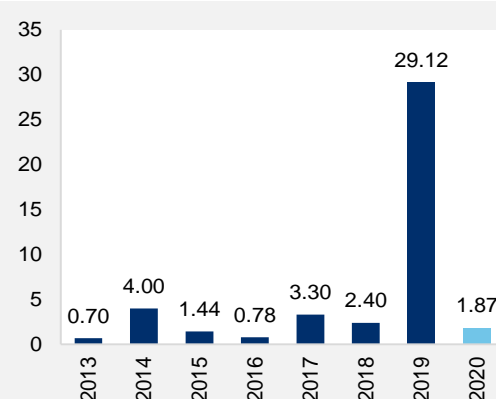
### Catalysts galore for GCC IPOs in 2021

We expect IPO markets in the GCC to remain active in 2021, given the number of catalysts that could support primary markets from within the region. Saudi is expected to lead the regional IPO market in 2021 as well, with CMA reportedly mentioning in Nov-2020 that they are reviewing over 15 applications for listing whether in the main market or the Nomu market. For the UAE, the most important catalysts in 2021 are the launch of the Nasdaq Dubai Growth Market for SME companies, and the impact of the Dubai Expo in H2-2021. In terms of sectors, issuances of newer consumer linked businesses, and asset light models that focus on digitization, technology disruption and healthcare that gained market share in 2020 from the impact of Covid-19, could continue to warrant higher valuations. Nevertheless, higher activity in 2021 will still depend would still depend on secondary market performance and volatility, the unwinding of the impact of Covid-19 including the effectiveness of the vaccine, and global geopolitics.

GCC IPO volumes - 2013 to 2020



GCC IPO proceeds (USD Bn) - 2013 to 2020



Source: Kamco Invest Research, Bloomberg, PWC, IPOs include international issuances from corporates domiciled /headquartered or doing business within GCC

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Global IPO activity was higher y-o-y in 2020, as the impact of Covid-19 pushed higher primary market issuances from specific sectors, more secondary issuances, and newer listing routes. In terms of top sectors, Technology raked in 35% of the proceeds from IPOs globally, and constituted 24% of all deals. Healthcare companies came in second with 16% of proceeds and 15% of volumes, as per EY. Special Purpose Acquisition Companies (SPACs) became an increasingly IPO popular route in 2020, and reportedly witnessed a jump from 60 listings totaling USD 13.7 Bn of proceeds in 2019, to 230 listings garnering total issuance proceeds of USD 75.8 Bn in 2020. Globally, the two largest issuances were however from secondary public offerings, with Semiconductor Manufacturing International Corp raising USD 7.5 Bn from its debut in Shanghai, dual listed now along with its previous listing in Hong Kong. JD.com followed with its Hong Kong listing and raised USD 4.5 Bn, after being listed on the Nasdaq in 2014.

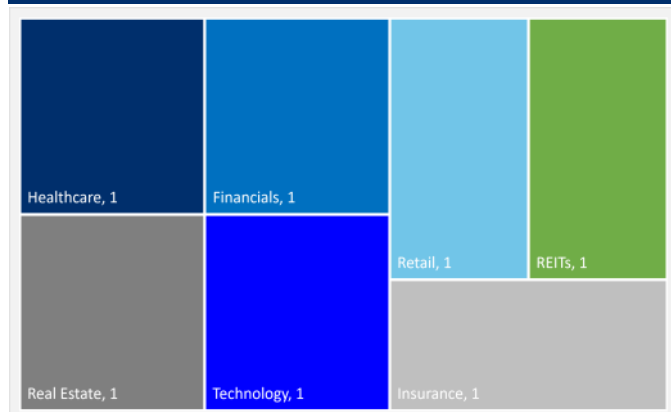
#### GCC IPO deals list

Issuer	Industry	Country	Date	IPO Size (USD Mn)
Dr. Sulaiman Al Habib Medical Services	Healthcare	Saudi Arabia	Mar-20	698.6
Sumou Real Estate	Real Estate	Saudi Arabia	May-20	48.0
Amlak International	Financials	Saudi Arabia	Jul-20	115.9
Yalla Group*	Technology	UAE	Sep-20	144.8
Bin Dawood Holding	Retail	Saudi Arabia	Oct-20	585.1
Al Mal Capital	REITs	UAE	Dec-20	95.3
QLM Life & Medical Insurance Company	Insurance	Qatar	Dec-20	178.0

Source: Bloomberg, PWC, Kamco Invest Research

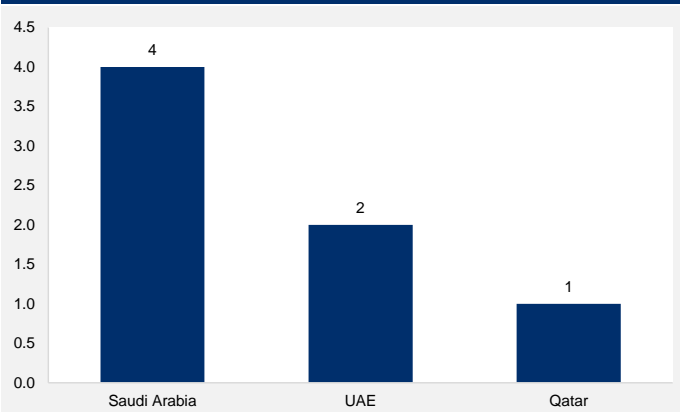
In international IPOs from corporates in the GCC in 2020, Yalla Group – the social networking and entertainment platform with its target customers in the MENA and headquartered in UAE, was listed on the NYSE in Sept-2020. Our deals list for GCC issuances include the international IPO of UAE based Yalla Group (USD 144.8 Mn) in 2020, and the international IPOs of Finabl (USD 398 Mn) and Network Holding (USD 1.4 Bn) in 2019. Further the year 2020 saw the listings of Boursa Kuwait (USD 177 Mn), Shamal Az-Zour (USD 32 Mn) and KFH Capital REIT (USD 77.8 Mn) on the Boursa Kuwait exchange, post their IPO issuances in 2019. Sectoral representation in 2020 was widespread and also featured Real Estate Finance name-Amlak International (Saudi Arabia) raising USD 115.9 Mn. In parallel market issuances, Sumou Real Estate was listed on the Nomu index in Saudi Arabia and witnessed proceeds of USD 48 Mn.

#### GCC IPO deal numbers by sector



Source: Bloomberg, PWC, Kamco Invest Research

#### GCC IPO deal numbers by country



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