

## GCC IPOs: 2023 - The Year That Was...

January-2024

### GCC listing momentum continues in 2023, albeit at smaller ticket-sizes

After witnessing strong activity throughout 2022, major GCC stock exchanges remained active with listing momentum in terms of IPO numbers, however issuance proceeds dropped even as the MSCI GCC gained by 3.7% y-o-y on mixed performances from individual countries. Total number of IPOs in the GCC declined marginally to 46 issuances in 2023 from 48 issuances in 2022, as per our analysis. Proceeds for 2023 from GCC issuers dropped by 54% to USD 10.79 Bn from USD 23.38 Bn in 2022, based on data from Bloomberg and stock exchanges. Although issuance numbers were driven by smaller-ticket IPOs, post-listing performance from larger names was largely positive. Solid performances from larger stocks were backed by clear signaling and IPO pitches from companies and investment bankers about either growth prospects which drove solid price appreciation or strong dividend yields (5%-6%). Dividend yields from recurring revenue generating and utility companies were sought after by investors, as many of these names also included state-owned enterprises previously, as governments in the region divested their stakes to push ahead with their diversification plans.

### UAE repeats with higher issuance proceeds; Saudi Exchange dominates deals yet again

Saudi Arabia continued its leadership position for IPO issuances from the region in 2023, as 35 out of the 46 GCC IPOs debuted on either the Nomu or Tadawul. Within Saudi Arabia, the Nomu – Parallel market dominated the number of issuances with 27 deals, as compared to 8 deals for the Main Market. UAE continued its domination in terms of IPO proceeds raking in almost 56.3% of the issuance proceeds at around USD 6.07 Bn from its 8 listing on UAE exchanges in 2023. The average listing size of IPOs on UAE exchanges was ~USD 759 Mn and was significantly higher than the rest of the GCC average listing size of ~USD 124 Mn. The largest IPO from the region was that of ADNOC Gas that supplies around 60% of the UAE's natural gas requirements,. The company garnered USD 2.48 Bn from the sale of 5% of its business via its primary market issuance as per Bloomberg.

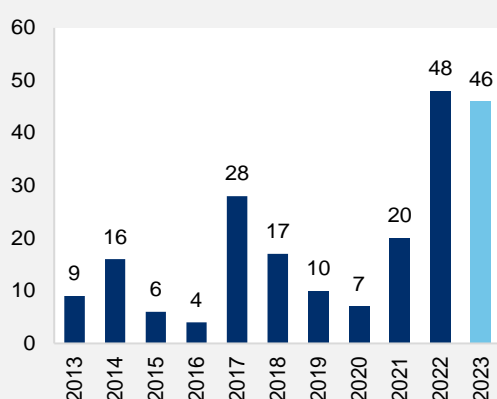
### Global IPO proceeds plunge a further 33% y-o-y in 2023 after a dismal 2022

IPO markets globally declined in 2023 despite most equity markets witnessing healthy double-digit gains during the year, as seen from the 21.8 % y-o-y gain in the MSCI World index in 2023 . Though secondary market performance typically drives IPO activity, aggressive monetary tightening leading to higher financing costs kept companies away from the public markets on valuation concerns. This drove global IPO numbers lower by 8% y-o-y to 1,298 IPOs and caused proceeds to decline by 33% y-o-y to USD 123.2 Bn, as per data from EY.

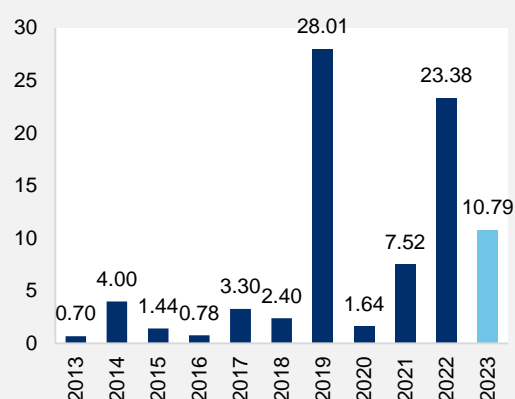
### Pipeline from GCC IPO candidates in 2024 suggests a repeat is not out of reach

The backdrop for IPOs from 2023 such as interest rates, geopolitics, secondary stock market volatility and oil price volatility will continue to remain crucial in 2024. The pipeline for 2024 based on our estimates at the start of 2024 range around 28-30 companies between announced, mandated, and rumored GCC IPO issuances, which suggests that a repeat of 2023 is possible as similar estimates were available the previous year. However, if trends from 2023 were to repeat, we also believe that it is likely that issuance proceeds will be dominated by a fewer number of larger issues, while several smaller IPOs should debut on the markets such as the Nomu. Further, we expect sectoral participation to be diverse similar to trends witnessed in 2023.

GCC IPO volumes - 2013 to 2023



GCC IPO proceeds (USD Bn) - 2013 to 2023



Source: Kamco Invest Research, Bloomberg, GCC stock exchanges

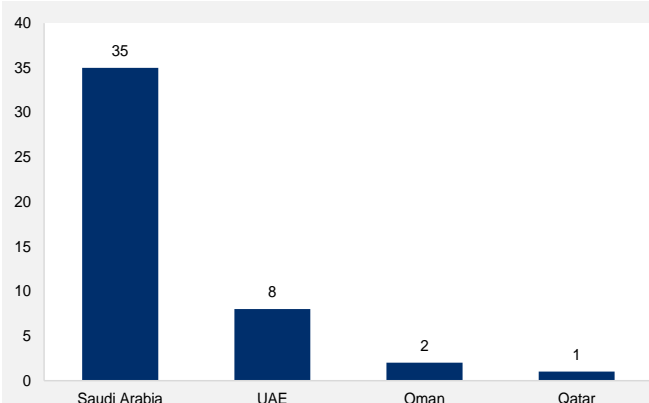
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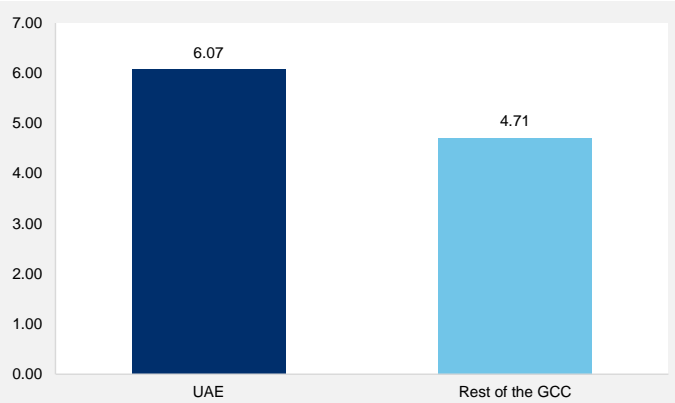
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ADES Holding Company - owner and operator of offshore and onshore rigs from Saudi Arabia recorded the second largest IPO from the region with issuance proceeds of USD 1.2 Bn before listing on the Tadawul Main Market. Pure Health from UAE rounded off the top three IPOs from the GCC raising USD 0.99 Bn from its IPO and subsequently listing on the ADX. Oman (MSX) contributed with the fourth largest IPO in the region with OQ Gas Network that raised USD 771 Mn for 49% of its stake based on Bloomberg estimates. Fellow energy name - Abraj Energy Services also raised USD 244.1 Mn via its IPO and listed on the MSX, as both issues from Oman were significantly oversubscribed. Separately, Qatar witnessed the IPO of Managed IT services & solutions provider - MEEZA and the company raised USD 232.67 from its public offering and was listed in Aug-2023.

#### GCC IPO deal numbers by listing country



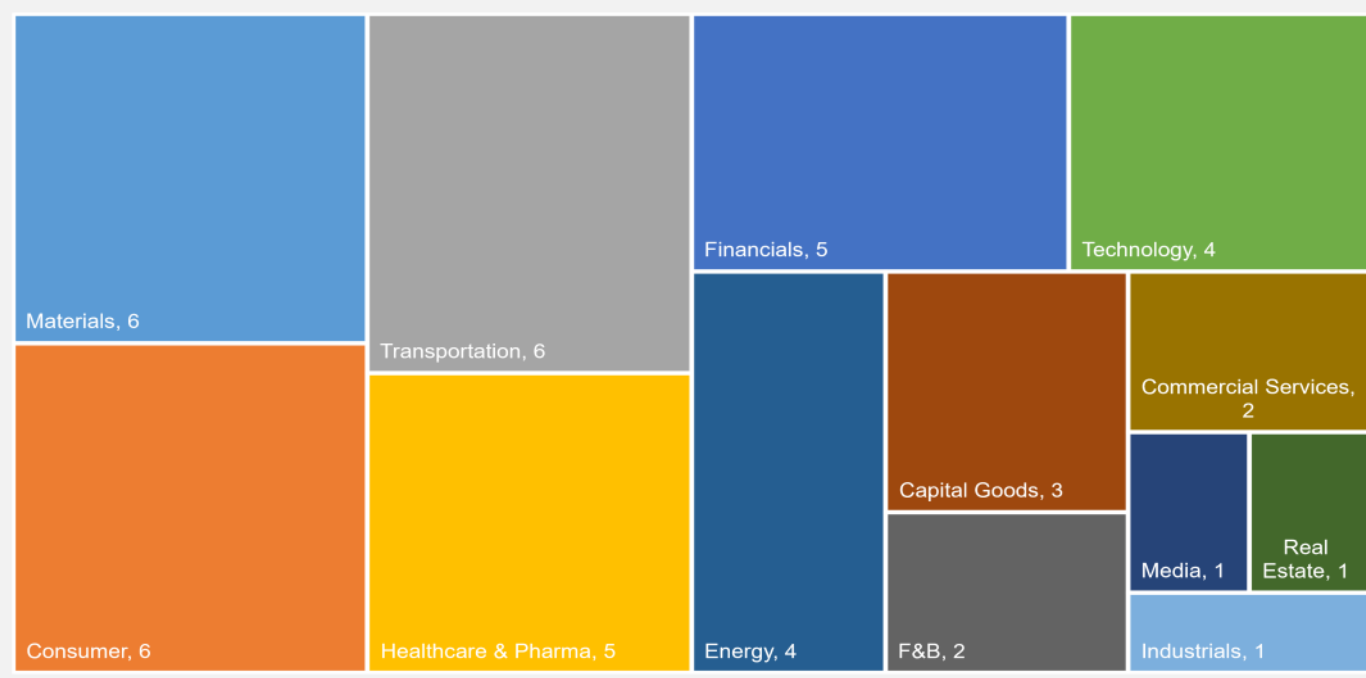
#### GCC IPO deal proceeds (USD Bn)



Source: Kamco Invest Research, Bloomberg, GCC stock exchanges,

In terms of sectoral split, Materials (6) and Consumer (6) and Transportation (6) split top honors in terms of deal numbers, across the region. Healthcare & Pharma (5), Financials (5), Technology (4) and Energy (4) were the other broad sectors which saw a higher number of IPO forays. Sectoral participation from the region remained diverse with corporates with unique niche operating models coming to the primary market.

#### GCC IPO deals by sector - 2023



Source: Kamco Invest Research, Bloomberg, GCC stock exchanges

#### Industrials tops global IPO deals, Tech reclaims top spot in proceeds but witnesses sequentially lower trends

Asia Pacific was the key market that drove the decline in global IPO numbers and proceeds as the number of IPOs were down by 18% y-o-y, while issuance proceeds sunk by 44% y-o-y to USD 69.4 Bn, as per EY. EMEIA also saw a 39% decline in issuance proceeds (USD 31.1 Bn) but was able to witness a 7% increase in IPO numbers. Sectoral trends turned towards Consumer and Industrials sectors based on data from EY Global IPO Trends 2023. The report ascribed the growth in these sectors to buoyant trading activity as global supply chains shift from traditional markets and move towards new geographies such as India, Indonesia and Japan, which spurred listing from these countries.

In terms of number of issuances, Industrials reportedly topped with 265 listings registering a growth of 19% y-o-y, while listings in the Consumer sector grew by 20% y-o-y to 224 IPOs. As per EY, the Technology sector reclaimed its top spot after being beaten by Energy in 2022 in terms of IPO proceeds, nevertheless, the Technology sector continued to experience a sequential decline in IPO numbers, valuations, and after-market performance like 2022. Within the Technology sector, Semiconductor companies reportedly dominated other industries in 2023 with 58% of proceeds and was up 30% y-o-y. EY mentioned that the energy sector experienced a sharp decrease in both deal numbers and value, while mentioning that the number of IPOs where the offer prices fell below the initial filing range increased. The report highlighted that IPO volumes (-24%) and proceeds (-38%) within the Health and Life Sciences sector significantly declined on valuation repricing, as interest rates rose, and cost of capital increased.

**Clear thesis messaging from GCC corporates & investment bankers could lead to another strong IPO showing in 2024**

While IPO valuations have not been a concern for frontline issuances from the region, Investment bankers in 2024 would be cognizant in advising corporates about the interest for their issues from institutional investors who look to accommodate deployable capacity for new IPO issuances. Past trends of strong interest and post-listing market performance for idiosyncratic businesses with clear positioning of growth prospects, competitive position and/or dividend yield expectations should encourage IPO candidates to enter the primary market with confidence, albeit within the backdrop of stable secondary market performances. Further the pipeline of announced, mandated, and rumored GCC IPO issuances suggests that Tadawul could continue as the main listing destination for the region followed by UAE exchanges - ADX & DFM. Governments continue to support IPO markets in the region both in terms of bringing suitable state-owned candidates to the market and initiatives such as the Abu Dhabi IPO Fund (ADIPOF) through which prospective companies within the Technology and Hospitality industries are reportedly expected to reach markets by the end of 2024.

## GCC IPO deals list - 2023

| Issuer   | Sector              | Country - Exchange   | Quarter | Proceeds raised (USD Mn) |
|--|---------------------|----------------------|---------|--------------------------|
| Saudi Lime Industries Co                         | Materials           | Tadaw ul-Nomu        | Q1-2023 | 9.1                      |
| Meyar Co   | Materials           | Tadaw ul-Nomu        | Q1-2023 | 4.2                      |
| Ghida Alsultan for Fast Food Co                  | Consumer            | Tadaw ul-Nomu        | Q1-2023 | 14.3                     |
| Foods Gate Co                                    | Consumer            | Tadaw ul-Nomu        | Q1-2023 | 6.3                      |
| Horizon Food Company                             | F&B                 | Tadaw ul-Nomu        | Q1-2023 | 15.8                     |
| Bena Steel Industries Co                         | Materials           | Tadaw ul-Nomu        | Q1-2023 | 8.3                      |
| Know ledge Net Co                                | Technology          | Tadaw ul-Nomu        | Q1-2023 | 7.5                      |
| Waja Co  | Capital Goods       | Tadaw ul-Nomu        | Q1-2023 | 10.9                     |
| First Milling Co                                 | F&B                 | Tadaw ul-Main Market | Q2-2023 | 266.3                    |
| Al Razi Medical Co                               | Healthcare-Pharma   | Tadaw ul-Nomu        | Q2-2023 | 2.3                      |
| Jamjoom Pharmaceuticals Factory Co               | Healthcare-Pharma   | Tadaw ul-Main Market | Q2-2023 | 335.2                    |
| Morabaha Marina Financing Co                     | Financials          | Tadaw ul-Main Market | Q2-2023 | 83.4                     |
| Almaw arid Manpow er Co                          | Commercial Services | Tadaw ul-Main Market | Q2-2023 | 76.8                     |
| Tam Development Co                               | Commercial Services | Tadaw ul-Nomu        | Q2-2023 | 20.3                     |
| Almuneef Co For Trade Industry Agriculture & Con | Capital Goods       | Tadaw ul-Nomu        | Q2-2023 | 14.2                     |
| Ades Holding Co                                  | Energy              | Tadaw ul-Main Market | Q3-2023 | 1,219.1                  |
| United Mining Industries Company                 | Materials           | Tadaw ul-Nomu        | Q3-2023 | 15.9                     |
| Lumi Rental Co                                   | Transportation      | Tadaw ul-Main Market | Q3-2023 | 290.0                    |
| Intelligent Oud Company for Trading              | Consumer            | Tadaw ul-Nomu        | Q3-2023 | 4.2                      |
| Atlas Elevators General Trading & Contracting    | Capital Goods       | Tadaw ul-Nomu        | Q3-2023 | 7.4                      |
| Munaw la Cargo Co Ltd                            | Transportation      | Tadaw ul-Nomu        | Q3-2023 | 5.9                      |
| Dar Almarkabah for Renting Cars Co               | Transportation      | Tadaw ul-Nomu        | Q3-2023 | 5.3                      |
| Marble Design Company                            | Materials           | Tadaw ul-Nomu        | Q3-2023 | 9.0                      |
| Professional Medical Expertise Co                | Healthcare          | Tadaw ul-Nomu        | Q3-2023 | 19.0                     |
| MBC Group Holdings Ltd                           | Media               | Tadaw ul-Main Market | Q4-2023 | 221.6                    |
| Mulkia Investment Co                             | Financials          | Tadaw ul-Nomu        | Q4-2023 | 13.2                     |
| Riyadh Steel Co                                  | Materials           | Tadaw ul-Nomu        | Q4-2023 | 4.5                      |
| View United Real Estate Development Co           | Real Estate         | Tadaw ul-Nomu        | Q4-2023 | 11.2                     |
| Fad International Co                             | Consumer            | Tadaw ul-Nomu        | Q4-2023 | 5.4                      |
| Lana Medical Co                                  | Healthcare          | Tadaw ul-Nomu        | Q4-2023 | 6.0                      |
| Armah Sports Company                             | Consumer            | Tadaw ul-Nomu        | Q4-2023 | 36.8                     |
| Osool & Bakheet Investment Co                    | Financials          | Tadaw ul-Nomu        | Q4-2023 | 18.0                     |
| SAL Saudi Logistics Services                     | Transportation      | Tadaw ul-Main Market | Q4-2023 | 678.2                    |
| Riyal Investment & Development Co                | Transportation      | Tadaw ul-Nomu        | Q4-2023 | 8.1                      |
| Clean Life Co                                    | Consumer            | Tadaw ul-Nomu        | Q4-2023 | 9.0                      |
| Al Ansari Financial Services PJSC                | Financials          | DFM                  | Q1-2023 | 210.3                    |
| Adnoc Gas PLC                                    | Energy              | ADX                  | Q1-2023 | 2,476.6                  |
| Presight AI Holding PLC                          | Technology          | ADX                  | Q1-2023 | 496.1                    |
| ADNOC Logistics & Services                       | Industrials         | ADX                  | Q2-2023 | 769.4                    |
| Investcorp Capital PLC                           | Financials          | ADX                  | Q4-2023 | 450.9                    |
| Dubai Taxi Co PJSC                               | Transportation      | DFM                  | Q4-2023 | 314.7                    |
| Phoenix Group PLC                                | Technology          | ADX                  | Q4-2023 | 370.6                    |
| Pure Health LLC                                  | Healthcare          | ADX                  | Q4-2023 | 986.3                    |
| Abraj Energy Services                            | Energy              | OM                   | Q1-2023 | 244.1                    |
| OQ Gas Netw orks SAOC                            | Energy              | OM                   | Q4-2023 | 771.7                    |
| MEEZA QSTP                                       | Technology          | Qatar                | Q3-2023 | 232.7                    |

Source: Kamco Invest Research, Bloomberg, GCC stock exchanges,

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