

How do you know when an IPO is the right strategic option?

MENA IPO Eye: Q3 2022

ey.com

100

100

The better the question. The better the answer.
The better the world works.



Contents

01 MENA IPO market 04

02 Appendix 13

About this report

EY MENA IPO Eye report is released every quarter and looks at the IPO markets, trends and outlook for the MENA region.

The current report provides insights, facts and figures on the MENA IPO market during Q3 2022.

You will find this report at the EY IPO website and you can subscribe to receive it every quarter.

All values are US\$ unless otherwise noted.

Subscribe to MENA IPO Eye reports.

Get the latest MENA IPO analysis [direct to your inbox](#).



MENA IPO market

“

Despite IPO volumes and values declining significantly in the majority of other global markets, the MENA region continues to forge its own path with a steady stream of new listings in Q3 adding to the large number of IPOs already announced across exchanges in the year-to-date. While Saudi Arabia and the United Arab Emirates make up the majority of new listings, we are also seeing increased signs of future activity in some of the smaller markets of the region - particularly Kuwait, Oman and Qatar.

Brad Watson

EY MENA Strategy and Transactions Leader

01

MENA IPO market

MENA IPO market summary

Key highlights: IPOs

- MENA IPO markets continued their strong run, with seven IPOs raising approximately US\$1.5b in proceeds during Q3 2022. This brings the total number of MENA IPOs in year-to-date (YTD) 2022 to 31, an increase of 288% as compared with the same period in 2021 which was also a very busy period. Total proceeds raised for MENA IPOs in YTD 2022 were approximately US\$14.7b, an increase of 550% as compared with the same period in 2021.
- Globally in YTD 2022, there have been a total of 992 IPOs raising US\$146b, a 44% and 57% decrease year-over-year (y-o-y) respectively. This follows the trend for the year in which IPO-bound companies and investors were faced with mounting macroeconomic challenges, market uncertainties, increasing volatility and falling global equity prices. The MENA region has generally bucked the global trend with IPO activity and pipeline continuing to remain strong despite the weaker global sentiment.
- Salik Company PJSC, Dubai's exclusive toll gate operator, raised over US\$1b, becoming the largest MENA IPO during Q3 2022 and the fourth largest in the region in YTD 2022. The IPO was oversubscribed more than 49 times across all tranches with total gross demand at US\$50.2b.
- In Saudi Arabia, five IPOs raised US\$490m during Q3 2022. Alamar Foods Company's public offering was the largest, with US\$326m raised and the IPO order book being oversubscribed approximately 48 times. Naqi Water Company raised US\$110m, with the order book being oversubscribed over 30 times. The remaining three IPOs were on the Nomu-Parallel Market, where Saudi Networkers Services Ltd, International Company for Human Resources and Naba Alsaha Medical Services Company raised approximately US\$54m in total.
- IPO activity also returned to Morocco for the first time since last year, with Disty Technologies SA, a Moroccan IT company, raising approximately US\$17m on the Casablanca Stock Exchange.
- The outlook for the last quarter of 2022 and into 2023, continues to be promising for MENA IPOs, with several prominent companies in the region having announced their IPOs and intention to list on key MENA exchanges.

Key highlights: direct listings

- On the ADX, the secondary listing of Gulf Investment House (GIH) during Q3 2022, brings the number of dual listings to five. Shares of Ooredoo, Sudatel Telecom Group, Oman and Emirates Investment Holding Company and Gulf Finance House also have secondary listings on the exchange.
- There were four direct listings (i.e., no funds raised through a public offering, but admitted to trading) on the Nomu-Parallel Market during Q3 2022, bringing the total number of direct listings in MENA to 17 in YTD 2022.

MENA IPO overview

Q3 2022

7
IPOs
US\$1.5b
proceeds

YTD 2022

31
IPOs
US\$14.7b
proceeds

Change y-o-y

288%
IPOs
550%
proceeds

Direct listings Q3 2022

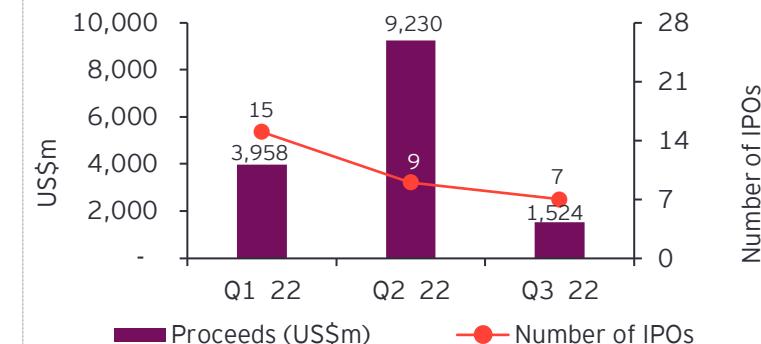
5

Direct listings YTD 2022

17

Note: Change y-o-y reflects YTD 2021 vs. YTD 2022.

MENA IPO activity



Sources: Refinitiv Eikon, S&P Capital IQ.

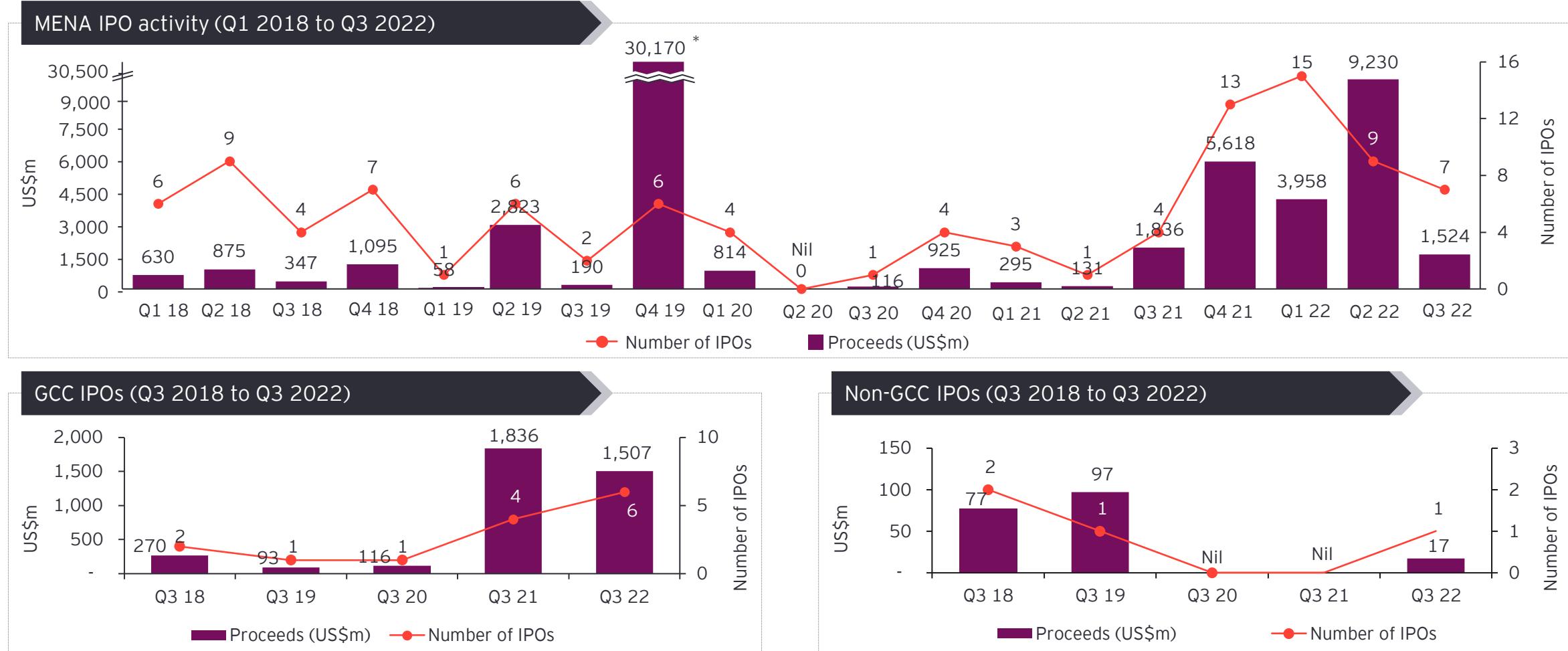
MENA IPOs during Q3 2022

List of MENA IPOs: Q3 2022

Listing date	Issuer	IPO proceeds (US\$m)	IPO price (US\$)	Share price performance %*	Sector	Exchange
20 Jul 2022	Disty Technologies SA	16.9	28.0	-34%	Retailers	Casablanca SE
9 Aug 2022	Alamar Foods Company	325.9	30.7	17%	Consumer services	Tadawul
15 Aug 2022	Naqi Water Company	110.2	18.4	7%	Food and beverages	Tadawul
17 Aug 2022	Saudi Networkers Services Ltd	28.4	18.9	-21%	Software and services	Tadawul (Nomu)
22 Aug 2022	International Company for Human Resources	4.5	9.1	107%	Commercial and professional services	Tadawul (Nomu)
7 Sep 2022	Naba Alsaha Medical Services Company	21.3	15.2	-11%	Health care equipment and services	Tadawul (Nomu)
29 Sep 2022	Salik Company PJSC	1,017.0	0.5	10%	Transportation	DFM

*Share price performance calculation: IPO price as compared with the closing price on 30 Sep 2022.
 Sources: Refinitiv Eikon, S&P Capital IQ.

MENA IPO activity



Notes: IPOs, including REIT listings, have been considered in each quarter based on the listing date.

*Saudi Aramco listing.

Sources: Refinitiv Eikon, S&P Capital IQ.

MENA equity markets

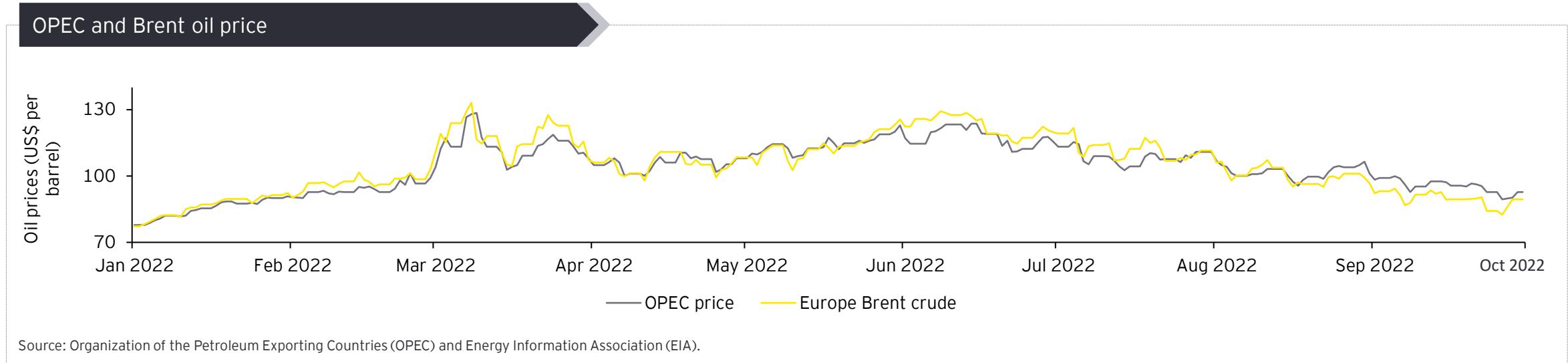


MENA equity performances continued to experience volatility during the course of 2022. Despite the negative global sentiment and high volatility across, as at the end of Q3 2022, all observed MENA indices, except for the EGX 30 Index which was down by close to 18% YTD, continued to remain in positive territory for the year. The Abu Dhabi Stock Exchange is the clear front-runner in the MENA region with its General Index returning close to 15% YTD. Markets in Oman and Qatar follow suit, with a YTD increase of close to 10% and 9% respectively.

The Tadawul All Share Index closed Q3 2022 with a YTD increase of 1%. Despite having seen an increase in performance during Q3 2022, which peaked at a return of approximately 10% as compared with the start of Q3 2022, the Index gave up the returns gained and even briefly slid into negative YTD return territories during Q3 2022.

Both the Borsa Kuwait Premier Market Index and the DFM General Index saw YTD gains of approximately 4% as of 30 September 2022.

MENA oil price performance



In Q3 2022, inflation, expectations regarding central bank policies and the fallout on the global macroeconomic environment took center stage. At the end of September, contracts for Brent crude were trading at US\$85/bbl and US\$79/bbl respectively with a definite downward trend. At the beginning of the quarter, those contracts were trading at US\$120 and US\$108. Notwithstanding that trend, multiple short-term headwinds and the longer-term uncertainties related to energy decarbonization, the prices of crude benchmarks remain above levels seen between the 2014-2015 downturn and the COVID-19 pandemic.

From the beginning to the end of Q3 2022, crude oil prices fell 17%, with West Texas Intermediate (WTI) moving from just over US\$100/bbl to just over US\$80/bbl. As always, a variety of factors were at work, including real-time balance between supply and demand, inventory levels and traders' assessment of demand growth and the capacity (and willingness) of producers to increase or decrease output.

Crude oil demand increased marginally with increases in Canada, US and Europe offset by muted growth in China due to continued commitment to zero COVID-19. Although official forecasts show growth in Q4 2022 as China emerges from lockdowns, uncertainty looms as recession fears grow.

Crude oil supply increased by 2.3 mbpd driven by across-the-board increases. Currently, drilling economics would seem to favor increased production, but OPEC producers have undersupplied against their quotas in recent months and capital discipline and reassessment of strategies continue to govern non-OPEC investment in new supplies.

Source: EY Price Point: global oil and gas market outlook Q4 | October 2022.

Factors to consider for IPO candidates in the current climate

Market volatility

- ESG agenda
- Inflation and interest rates
- Energy and commodities prices
- Regulatory changes
- COVID-19 pandemic
- Recovery of economic activities
- Geopolitical tensions
- Sanctions impact

Factors to consider for IPO candidates in the current climate



Implications for IPO candidates

IPO candidates looking to go public will need to be well prepared. They will need to:

- 1 Demonstrate resilience with innovative business models, agility in navigating supply chain constraints, strength in financial positions and preparation in adapting to ongoing concerns around the COVID-19 pandemic.
- 2 Be realistic and flexible about valuation levels and be well prepared to seize the windows of opportunity when they open.
- 3 Conduct extensive pre-marketing and pre-IPO funding, complete with cornerstone investors, to mitigate uncertainty and improve pricing leverage.
- 4 Consider the impacts of geopolitical risk, macroeconomic factors (inflation and interest rates) and a changing regulatory environment (stock exchange reforms, and environment, social and governance (ESG) requirements).
- 5 Be able to clearly articulate an embedded ESG strategy and culture, from climate change mitigation initiatives to promoting board and management diversity.
- 6 Consider all options, from alternative IPO process (direct listing or SPAC merger) to other financing method (private capital, debt or trade sale).

MENA IPO market

“

This has been another strong year for IPOs and trading activity throughout the MENA region, with investor confidence remaining high despite challenging financial headwinds across the world. As we look into Q4, we see no signs of that changing, with several prominent companies in the region having completed their IPOs. We are also expecting increased activity in dual listings to tap varied liquidity pools; and continued government divestment processes in the UAE, Oman and other countries, as well as movement from family businesses, which are believed to be planning market entry in different parts of the region.

Gregory Hughes

EY MENA IPO and Transaction Diligence Leader

A dark, slightly blurred background image of a person's hands holding a pen and writing on a piece of paper. The hands are positioned in the lower-left quadrant of the frame.

02

Appendix

IPO readiness assessment

Are you prepared?

Once you have decided to go public, you will need to map out all the necessary steps. **Advance preparation and planning are critical.** Unpredictable IPO markets make dual-tracking, IPO readiness and internal preparation more important than ever. Be ready to kick-start execution when the IPO window of opportunity opens. Getting IPO ready in the correct way means **implementing change throughout the business, organization and corporate culture.** As a public company, you will be subject to increased filing requirements, transparency, compliance, scrutiny by investors and analysts and overall accountability for delivering on promises.

To start the IPO planning and preparation process "on the right foot," EY IPO readiness assessment can be used. It is a **structured approach designed to guide the company through a successful IPO transaction to a strong debut in the IPO market.** Successful businesses typically start preparing 12 to 24 months prior to the IPO – in many cases, with an IPO readiness assessment.

What are the objectives and values of the EY IPO readiness assessment?

It is designed to guide your company through a **successful transformation from private to public** status. Executives also want to understand more of the "measures that matter" – what it takes to win in the capital markets. Typical objectives are:

- ▶ Define an IPO base case that would become important information for the assessment.
- ▶ Identify the IPO readiness gaps and assess the efforts required to get ready.
- ▶ Train the key people on IPO leading services and regulatory requirements.
- ▶ Prioritize the gaps in an IPO roadmap.

Companies that have completed a successful IPO know that the process is truly a metamorphosis – a series of planned, pervasive changes undertaken to achieve long-term objectives.

Start your IPO journey with an EY IPO readiness assessment.

EY integrated assessment and program management of IPO readiness modules are tailored to suit each company's needs, as it seeks to prepare the organization for a public listing event in the future. The core modules to consider are illustrated below:

EY IPO readiness assessment							
1	2	3	4	5	6	7	8
Strategy <ul style="list-style-type: none">▶ IPO equity story▶ IPO destination▶ Issue concept	Structures <ul style="list-style-type: none">▶ Issuing company▶ Group structure▶ Governance and legal	Taxes <ul style="list-style-type: none">▶ Company level▶ Shareholder level▶ Transaction level	Financial <ul style="list-style-type: none">▶ External and internal reporting▶ Business plan and forecasting▶ Prospectus▶ Nonfinancial metrics	Systems <ul style="list-style-type: none">▶ Internal controls and audit▶ Enterprise risk▶ Compliance management▶ IT security	Functions <ul style="list-style-type: none">▶ Investor relations▶ Compliance or legal▶ HR▶ Sustainability or CSR or HSE	Leadership <ul style="list-style-type: none">▶ C-suite▶ Board of directors▶ Subcommittees▶ Remuneration	Timeline <ul style="list-style-type: none">▶ IPO timeline and regulatory approval▶ Plan B options▶ Project management and resources

EY IPO resources

Guide to going public

Strategic considerations before, during and post-IPO



How do you prepare for when the time is right?



How ESG disclosures impact IPO valuation



Why successful investors focus on sustainability pre- and post-IPO



Will a new equilibrium in capital markets impact your ambitions?



How an IPO can strengthen family businesses for generations to come



How can you find the clarity to steer your growth?

Download

IPO activity per stock exchange

IPO activity per stock exchange

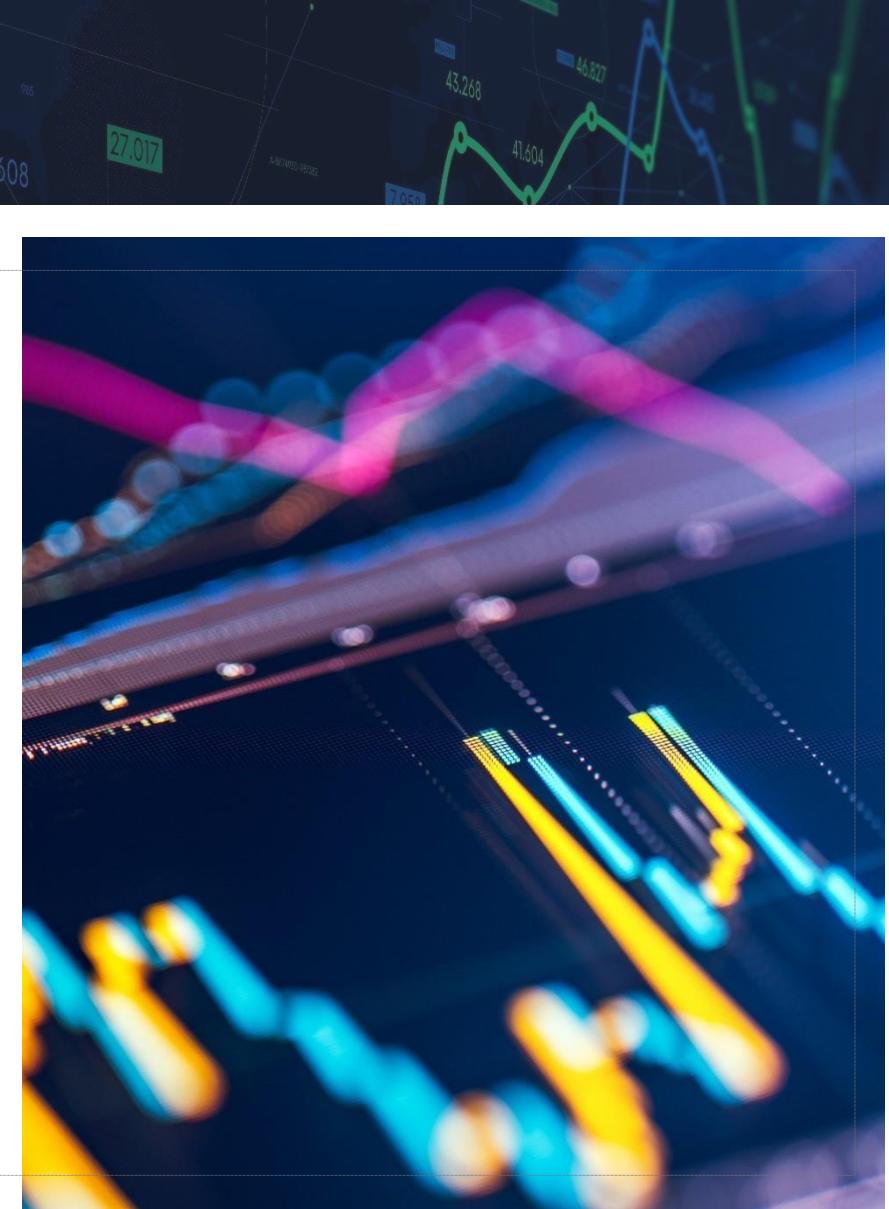
Stock exchange	IPOs Q3 2022	IPOs LTM ¹ Q3 2022	IPOs since 2018 ²
Tadawul-Main Market	2	15	39
Tadawul-Nomu	3	15	18
ADX	0	4	5
DFM	1	3	4
EGX	0	2	11
Boursa Kuwait	0	0	2
MSX	0	2	7
Bahrain SE	0	0	1
QSE	0	0	3
Casablanca SE	1	2	5
Tunis SE	0	1	2

Notes:

1) Last 12 months (LTM).

2) Up to 30 Sep 2022.

Sources: Refinitiv Eikon, S&P Capital IQ.



MENA IPOs – Q1 2022

List of MENA IPOs: Q1 2022

Listing date	Issuer	IPO proceeds (US\$m)	IPO price (US\$)	Share price performance%*	Sector	Exchange
5 Jan 2022	Jahez International Company for Information System Technology	426.8	226	7%	Consumer discretionary	Tadawul (Nomu)
6 Jan 2022	Advance International Company for Communication and Information Technology	11.7	29.3	-27%	Technology	Tadawul (Nomu)
18 Jan 2022	Alwasail Industrial Company	12.7	5.1	0%	Industrials	Tadawul (Nomu)
7 Feb 2022	Gas Arabian Services Co Ltd	19.0	24	-20%	Industrials	Tadawul (Nomu)
10 Feb 2022	Macro Group Pharmaceuticals	82.7	0.3	-39%	Health care	EGX
14 Feb 2022	East Pipes Integrated Company	134.4	21.3	-14%	Materials	Tadawul
16 Feb 2022	Elm Information Security Co	819.2	34.1	147%	Technology	Tadawul
20 Feb 2022	Raoom Trading Co.	21.3	21.3	45%	Industrials	Tadawul (Nomu)
27 Feb 2022	Barka Desalination Company	11.4	0.4	-6%	Utilities	MSX
28 Feb 2022	Scientific & Medical Equipment House LLC	83.2	13.9	26%	Health care	Tadawul
2 Mar 2022	Al Jouf Healthy Water Bottling Co	5.8	9.3	63%	Consumer staples	Tadawul (Nomu)
3 Mar 2022	Arabian International Healthcare Holding Co	110.7	21.9	-52%	Health care	Tadawul (Nomu)
14 Mar 2022	Al Dawa Medical Services Co Ltd	502.6	19.5	9%	Consumer staples	Tadawul
22 Mar 2022	Al Nahdi Medical Company	1,379.4	34.9	45%	Consumer staples	Tadawul
29 Mar 2022	Al Masane Al Kobra Mining Company	336.8	16.8	26%	Materials	Tadawul

*Share price performance calculation: IPO price as compared with the closing price on 30 Sep 2022.
 Sources: Refinitiv Eikon, S&P Capital IQ.

MENA IPOs – Q2 2022

List of MENA IPOs: Q2 2022

Listing date	Issuer	IPO proceeds (US\$m)	IPO price (US\$)	Share price performance%*	Sector	Exchange
12 Apr 2022	Dubai Electricity and Water Authority PJSC	6,076.9	0.68	1%	Utilities	DFM
20 Apr 2022	Saudi Home Loans Company	159.9	5.33	3%	Banks	Tadawul
27 May 2022	ADC Acquisition Corp PJSC SPAC	99.9	2.72	15%	Investment holding companies	ADX
3 Jun 2022	Borouge plc	2,005.2	0.67	16%	Chemicals	ADX
12 Jun 2022	Arabian Food & Dairy Factories Company	5.3	18.93	76%	Food and beverages	Tadawul (Nomu)
14 Jun 2022	Ladun Investment Company	24.0	4.8	-22%	Real estate	Tadawul (Nomu)
16 Jun 2022	Amwaj International Company	11.5	19.2	25%	Retailing	Tadawul (Nomu)
27 Jun 2022	Retal Urban Development Company	383.9	32.0	18%	Real estate	Tadawul
5 Jul 2022	TECOM Group	463.0	0.73	-15%	Real estate	DFM

*Share price performance calculation: IPO price as compared with the closing price on 30 Sep 2022.
 Sources: Refinitiv Eikon, S&P Capital IQ.

Contact details



Gregory Hughes
EY MENA IPO Leader
Partner – EY Consulting LLC, Dubai
gregory.hughes@ae.ey.com



Mayur Pau
EY MENA Financial Services
IPO Leader
Partner – EY Consulting LLC, Dubai
mayur.pau@ae.ey.com



Humara Suleman
EY MENA IPO
Director – EY Consulting LLC, Dubai
humara.suleman@ae.ey.com



Meera Kohli
EY MENA IPO
Senior Manager – EY Consulting
LLC, Dubai
meera.kohli@ae.ey.com



Shana Marashi
EY MENA IPO
Senior Manager – EY Consulting
LLC, Dubai
shana.marashi@ae.ey.com

Subscribe to MENA IPO Eye reports.

Get the latest MENA IPO analysis **directly to your inbox**.

About this report

EY MENA IPO Eye report is released every quarter and looks at the IPO markets, trends and outlook for the MENA region.

The current report provides insights, facts and figures on the MENA IPO market during Q3 2022.

You will find this report on the **EY IPO website** and you can subscribe to receive it every quarter.

All values are in US\$ unless otherwise stated.



EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

The MENA practice of EY has been operating in the region since 1923. For over 98 years, we have grown to over 7,500 people united across 26 offices and 15 countries, sharing the same values and an unwavering commitment to quality. As an organization, we continue to develop outstanding leaders who deliver exceptional services to our clients and who contribute to our communities. We are proud of our accomplishments over the years, reaffirming our position as the largest and most established professional services organization in the region.

© 2022 EYGM Limited.
All Rights Reserved.

EYG no. EYG no. 009251-22Gbl

ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, legal or other professional advice. Please refer to your advisors for specific advice.

ey.com

