

Adnoc may sell up to 20% stake in fuel unit

Announcement on the final offer price and the size will be made on December 8

DUBAI

Staff Report

Abu Dhabi National Oil Company (Adnoc) said yesterday it plans to sell a maximum of 20 per cent stake in its distribution unit.

The company plans to sell 1.25-2.50 billion shares in Adnoc for Distribution from November 26. The last date for subscription for the first tranche will be on December 6, and for the second tranche December 7. Earlier the company had said it will offer at least 10 per cent.

The announcement on the final offer price and the size will be made on December 8, the company said in an advertisement yesterday. The shares will be listed on December 13, it added.

"The planned IPO [initial public offering] ... will offer both UAE and international investors an unprecedented opportunity to invest alongside Adnoc in one of the region's leading retail brands," Dr Sultan Ahmad Al Jaber, UAE Minister of State and Adnoc Group chief executive officer, said on November 13.

Busy season

EFG Hermes Brokerage, First Abu Dhabi Bank and HSBC Bank Middle East are the joint lead managers for the IPO.

The announcement comes two days before the listing of Emaar Development, a unit of Dubai property firm Emaar Properties, the first in the pipeline of a busy season for the primary market.

IPO pipeline solid

The pipeline of the Adnoc distribution unit's initial public offering (IPO) is strong, according to Obaid Al Za'abi, chief executive officer at Securities and Commodities Authority (SCA). The authority was studying a total of five applications including that of Emaar Development and Adnoc unit, he told *Gulf News* in October.

"We have a number of companies, which have submitted applications for IPOs. We will get two of them on the platform by this year," Al Za'abi said. The companies are into petroleum distribution, chemicals, aluminium, banking, insurance and retail, Al Za'abi said, without mentioning names.

The primary market has been sluggish in the Mena (Middle East and North Africa), with the proceeds raised falling 21 per cent to \$788 million (Dh2.89 billion), according to global consultancy EY.

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The over-subscription of the IPO of Emaar Development "is stimulating investors' investment appetite and consequently this will reflect positively on future IPOs in the pipeline such as Adnoc as well as elevate investor sentiment regarding overall market activity," Al Masah Capital said in a note.

In a statement posted on Dubai Financial Market's website, Emaar Properties said it received strong institutional and retail support for its IPO, with 40 per cent allocated to international investors, "resulting in a well oversubscribed IPO."