MENA PE Newsletter – August 2015

September 9th, 2015

MENA PE Deal Space – August 2015

Private Equity (PE) deal activity in MENA remained subdued during the month of August due to uncertainty over Chinese economy, domestic subsidy and taxation reforms and lower oil prices. As a result, only one deal was recorded in the IT sector during the month compared to five deals worth USD 52 million during the same period of the previous year. In terms of year to date, consumption driven sectors such as retail and healthcare were the outperformers. Going forward, the PE activity in the region will remain lackluster for the rest of the year as PE managers will closely monitor the developments, especially the domestic reforms, which increases governments ability to focus on important infrastructure projects to stimulate growth. Reforms have been at the forefront after UAE government's decision on fuel subsidy to reduce the burden on government finances.

A total of 23 PE deals worth USD 2.7 billion were reported as of August 2015 compared to 36 deals worth USD 186.7 million during the same period in 2014. On the other hand, there were just 4 PE exit deals reported until August 2015 worth USD 36.21 million compared to 16 during the same period in 2014 worth USD 167.43 million. There were no exit deals reported in the MENA region during the month.

Given the recent turmoil in equity markets, lower oil price environment and concerns over slowdown in China, IPOs in the region have dried up as companies have either decided to push back the date of listing or shelf the decision to go public. For instance, Emaar Misr, one of the most awaited IPOs in the region, performed poorly upon listing, with shares dropped by nearly 10% below its IPO price, which resulted in buyback of shares by the company. Hence, looking at the recent performance and market environment, IPO activity in the region is expected to remain subdued for the rest of the year.

Exhibit 1: PE Deal Value (US$ M) & Volume - 2014

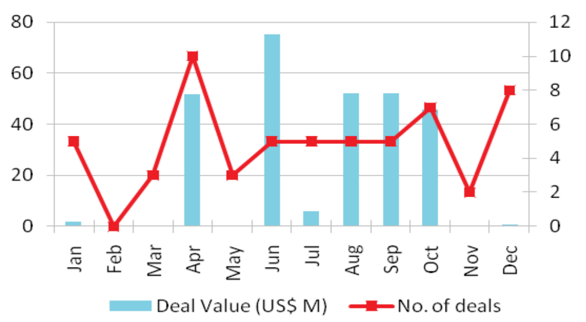
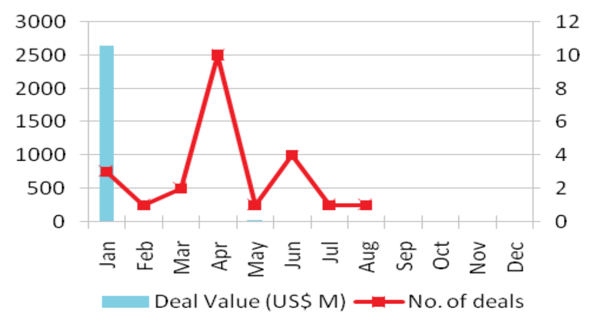


Exhibit 2: PE Deal Value (US$ M) & Volume



Source: Zawya, Thomson ONE Banker, Al Masah Capital Research

MENA PE Deal Space – August 2015

On August 30, Saudi-based Mobily Ventures, the venture capital arm of telecom conglomerate Etihad Etisalat (Mobily), invested an undisclosed amount in Dubai based smart phone application Fetchr. The shipping and logistics startup firm offers a smart phone application that smoothly facilitates package delivery in a region where lack of addressing systems hinders businesses and consumers. The startup's proprietary technology allows scheduling, package, pick-up and delivery using smart phones and their GPS capabilities. Mobily Ventures joins a notable roster of investors who believe in Fetchr's ability to disrupt the shipping industry and empower the e-commerce space in GCC and beyond. It was announced in June that Silicon Valley based New Enterprise Associates (NEA) led a landmark round of investment in Fetchr, an investment that was the largest of US based venture funds in the Middle East for a Series A. Founded in 2013, Mobily Ventures provides funding to innovative and promising companies in the information and communication technology (ICT) industry, building synergies to enable its portfolio companies to scale rapidly.

Source: Zawya, Thomson ONE Banker, Al Masah Capital Research

MENA PE Deal Space (cont.)

Exhibit 3: Deals in MENA PE Space – August 2015

Company Name	Date	Company Nation	Deal Value (US$ Million)	Sector	Firm/Fund
Fetchr	August 30, 2015	UAE	-	Information Technology	Mobily Ventures VC Fund

Source: Zawya, Thomson ONE Banker, Al Masah Capital Research

MENA PE Exit Deals – August 2015

No exit deals were reported in MENA in August 2015.

Source: Zawya, Thomson ONE Banker, Al Masah Capital Research

MENA PE News Wrap-up

The Abraaj Group, through one of its funds, announced acquisition of Yu-Ce Medical, a leading disposable medical supplies manufacturer in Turkey. Yu-Ce Medical marks Abraaj's second investment from its Anatolia Growth Capital Fund and the first ever private equity investment completed in Şanlıurfa. Yu-Ce medical carries out manufacturing operations in two company-owned factories and has an established sales platform across Turkey, including a diversified customer base of more than 230 state, university and private hospitals and over 190 medical distributors. The Abraaj Group has extensive experience of investing in healthcare sector, as they have invested over USD 900 million across 28 healthcare investments in global markets. Abraaj has been investing in Turkey since 2007, and its diversified portfolio includes leading e-commerce business Hepsiburada and dairy manufacturer Yörsan Group. (August 9, 2015)

The Abraaj Group acquired a majority stake in Urbano Express, a leading courier and light logistics solutions company in Latin America with operations in Peru, Ecuador and El Salvador. Urbano is the market leader for document delivery services in the three countries where it operates, with a unique last-mile distribution network that reaches approximately 85% of the population. Urbano was established in Ecuador in 1996, expanding to El Salvador in 1998 and Peru in 2003. From an initial focus on postal distribution and mass mailing, the company has diversified its service offerings and is now operates in five business lines: Document Delivery, Parcel and Package, External Logistics, Printing and Document Management Services and Business Intelligence Services. Abraaj, which integrates environmental, social and governance (ESG) considerations into its investments, plans to further strengthen Urbano's ESG record by optimizing corporate governance and health and safety practices across its operations and implementing energy efficient initiatives in its distribution network. (August 16, 2015)

Abraaj Group announced the final close of its second dedicated North Africa private equity fund at USD 375 million. The new fund brings the total amount closed by Abraaj for the African continent in 2015 to USD 1.37 billion, after raising USD 990 million in April for its third Sub-Saharan Africa fund. Abraaj North Africa Fund II (ANAF II) targets well-managed, mid-market businesses in the core geographies of Algeria, Egypt, Morocco and Tunisia that have demonstrated robust growth and the ability to become regional leaders in their respective fields. To date, ANAF II has made six investments across its target markets in the education, healthcare and industrials sector. Abraaj has USD 3 billion in committed and deployed capital across the African continent. The group has a dedicated team of 14 investment and operating professionals across four offices in Egypt, Morocco, Algeria and Tunisia, with 96% of its investments in North Africa having been sourced by its local teams. (August 24, 2015)

The Abraaj Group exited its stake in Condor Travel to The Carlyle Group marking the first secondary private equity sale in Peru, and Abraaj's fourth exit from its Latin American fund (ALAF I). Established in 1977, Condor Travel is Peru's leading tour operator, providing services in two major divisions - inbound tourism as a tour operator and outbound tourism providing travel agency and corporate services. The company is organized through a subsidiary in Chile, franchises in Brazil, Ecuador, Bolivia and Argentina, and sales representation offices in the US, Japan, Dubai, Portugal, Australia, Russia and India. In 2014, Abraaj worked closely with the management team at Condor Travel to strengthen its environmental and social initiatives and enhance corporate governance practices. Abraaj has been investing in the Pacific alliance countries of Colombia, Mexico and Peru since 2008, across a range of sectors including retail, tourism, technology, food and beverage, and consumer goods. (August 25, 2015)

MENA PE News Wrap-up (cont.)

Egypt has doubled its commitment to Africa50 Infrastructure Fund to USD 200 million. The fund was launched in 2014 by Africa's largest development lender, the African Development Bank (AFDB), aiming to help the continent in delivering vital infrastructure through a new global partnership platform. Egypt has recently invested around USD 100 million into Africa50, representing 50% of its stake in the fund. Africa50 has been structured as an independent, profit-driven, commercially managed entity dedicated exclusively to Africa's infrastructure opportunities. The AFDB seeks to attract an initial USD 3 billion in equity capital for the fund. The initial capital of Africa50 Fund will be scaled up to at least USD 10 billion through the participation of African governments, international financial institutions, insurers, African tycoons, and sovereign funds. Furthermore, some 20 countries, including Egypt, in addition to the Asian Development Bank (ADB) had so far approved to contribute around USD 1 billion to Africa50 Fund's equity fund. (August 25, 2015)

Source: Zawya

MENA IPO News

Emaar Misr, a unit of Dubai's Emaar Properties, submitted a total of 487.32 million shares to be bought back by the company, more than five times the 90 million shares Emaar Misr agreed to re-purchase a month after the company's stock began trading on the Egyptian bourse. The company sold about 13% of its shares and raised EGP 2.28 billion (USD 291 million) in an IPO in the month of June which was priced at EGP 3.8 (USD 0.49) per share, the largest offering on the Egyptian exchange since 2007. The company offered to use its price stabilization fund to buy back 15% of the shares at the initial IPO price, 30 days after the shares went into circulation on July 5. (August 3, 2015)

Al Rajhi Capital, a Saudi Arabian asset management company, plans to launch an open ended IPO fund, which will mostly invest in primary issues. The fund’s aim will be to provide capital appreciation for the fund investors in the medium to long term. The initial launch period of the fund will be from August 16 to September 10, and the minimum initial subscription amount is SAR 5,000 (AED 4,887 or USD 1,333). (August 16, 2015)

KBBO Group plans to merge two of its investment firms and raise more than USD 1 billion from listing a stake in the combined entity in either London or New York. The family investment firm is merging two of its subsidiaries Centurion Investment and Infinite Investment LLC before the end of this year, with the aim of completing the 40% share sale in the second half of 2016. Guggenheim KBBO Partners, a joint venture between New York-based investment firm Guggenheim Partners and KBBO is advising on the process and banks will be chosen to arrange the IPO in early September. KBBO's investments range from financial services to defence and it owns stakes in healthcare provider NMC Group. In March, KBBO said it plans to invest USD 2 billion in key sectors of Egypt, banking on the greater economic prospects of the region. (Aug 19, 2015)

Source: Zawya

Al Masah Capital Management Limited
Level 9, Suite 906 & 907
ETA Star - Liberty House
Dubai International Financial Centre
Dubai-UAE
P.O. Box 506838
Tel: +971 4 4531500
Fax: +971 4 4534145
Email: Research@almasahcapital.com
Website : www.almasahcapital.com