

MENA PE Deal space – May 2015

In May, private equity (PE) activity slowed in MENA, with just one deal being struck. The deal, worth US\$25 million, was the largest in terms of value for the year to date. The deal took place in the oil and gas sector in Egypt, with Gulf Capital being the only active PE firm during the month. Thus far, the year has witnessed robust PE deal activity, with 12 deals across a wide range of sectors and several countries, and active participation from many funds in the region. Country-wise, Saudi Arabia has witnessed the largest number of deals (four). Sector-wise, information technology has seen the highest number of deals (four). Middle East Venture Partners has been the most active fund this year, striking six deals.

The region also witnessed strong IPO activity this year. Six IPOs worth more than US\$800 million have taken place in 2015 until now. Among the countries, Saudi Arabia and UAE have witnessed strong IPO activity. On a separate note, Saudi Ground Services Company is planning to raise up to US\$750 million through an IPO in June.

The month of June is likely to present a watershed moment for financial markets in the Middle East, with the US\$530 billion Saudi stock market expected to be opened to foreign investments from June 15. Considering this key event, the more liberalized investment norms, and the potential for strong growth in the regional economy, we expect PE and IPO activity in MENA to remain steady over the next few months.

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

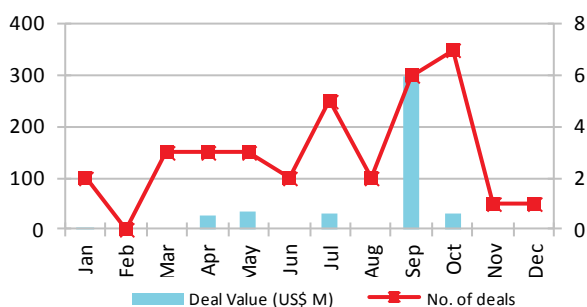
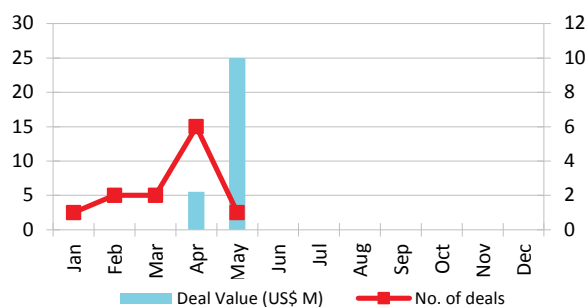


Exhibit 2: PE Deal Value (US\$ M) & Volume



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

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On May 25, Gulf Capital announced a debt financing agreement with Carbon Holdings to support its three mega-industrial projects: Egypt Hydrocarbon Corporation, Oriental Petrochemicals Corporation, and Tahrir Petrochemicals Corporation. The agreement involves an investment of AED92 million (US\$25 million) by Gulf Capital in the form of a convertible five-year loan. Gulf Capital acted through GC Credit Opportunities Fund I. Egypt-based Carbon Holdings is a privately owned midstream and downstream petrochemical and company. Founded in 2006, Abu Dhabi-based Gulf Capital has over US\$3 billion worth of assets under management (AuM).

Exhibit 3: Deals in MENA PE space – May 2015

Company Name	Date	Company Nation	Deal Value (US\$ Million)	Sector	Firm/Fund
Carbon Holdings	May 25, 2015	Egypt	25.0	Energy & Utilities	Gulf Capital

Source: Zawya, Al Masah Capital Research

MENA PE Exit deals – May 2015

No exit deals were reported in MENA in May.

Source: Zawya, Al Masah Capital Research

MENA PE News Wrap-up

Wamda Capital and Zain Group announced a strategic partnership to provide long-term funding to early- and growth-stage technology companies in MENA. The growth-stage venture fund proposes to raise US\$75 million. Founded in 1983, Kuwait-based Zain Group is a mobile telecommunications company with presence in eight nations across MENA and over 44 million customers. Founded in 2012, Wamda Capital invests in early-stage technology- and non-technology-focused start-ups. It invests in the range of US\$50,000–250,000. (May 31, 2015)

Samena Capital announced the acquisition of a 31.2% stake in Kleinwort Benson Bank. The deal was valued at GBP15 million (US\$23 million). According to the contractual terms, Samena Capital has the option to increase its stake to 39.9% three years after the transaction, which is expected to close by Q3 2015, subject to regulatory approval. On completion, Kleinwort Benson would establish a new global merchant banking operation in Dubai. Founded in 1961, UK-based Kleinwort Benson is a leading private bank that offers a wide range of financial services to private and corporate clients from offices throughout the UK and Channel Islands. Established in 2008, Samena Capital is an alternative investment company focusing on investments in Asia and MENA. (May 26, 2015)

Abraaj Group announced its commitment of US\$30 million to Auvest MENASA Opportunities Fund I. The fund intends to raise US\$250–300 million to invest in the small and medium enterprise (SME) sector across the Middle East, North Africa and South Asia (MENASA) region. The fund would focus mainly on sectors such as retail, restaurants, logistics, packaging, education and healthcare. The fund aims to take advantage of the pivotal role played by SMEs in creating long-term employment opportunities in the MENA region. Founded in 2002, the UAE-based Abraaj Group has over US\$9 billion worth of assets under management (AuM). (May 20, 2015)

TVM Capital Healthcare Partners announced the appointment of Dr. Mohammed Al-Yemeni and Othman Abahussein as Senior Advisors in Saudi Arabia. They would help support TVM Capital Healthcare Partners' expansion plans in Saudi Arabia. Dr. Al-Yemeni is the former Deputy Minister for Planning and Health Economics, Ministry of Health of Kingdom of Saudi Arabia, and Advisor to Saudi Arabia's Minister of Health. He has over 25 years of experience as a Doctor of Public Health (DrPH). Mr. Abahussein has worked in the healthcare sector for 30 years, holding a number of senior healthcare positions in Saudi Arabia. He was the General Manager of Arabian Healthcare Company as well as the CEO of National Medical Care Company. Established in 2009 as part of the TVM Capital Group, TVM Capital Healthcare Partners is a Dubai-based PE and growth capital firm focusing on making growth capital and buyout investments in companies that are already, or aspire to become, leaders in the healthcare markets of MENA, India, and Turkey. (May 18, 2015)

Mandilicious announced its expansion into Saudi Arabia, with Raddah Investment as the brand's master-franchisee in the western region of the Kingdom. It has announced the opening of six Mandilicious outlets in the western region this year. Established in 2013, Dubai-based Mandilicious is a quick service restaurant that provides traditional and authentic Mandi and other Arabian dishes. Raddah Investment is the strategic investment SPV of Raddah Holdings, which was established in 2013. The company focuses on investing in SMEs in the fields of food and beverage, healthcare, and real estate. (May 17, 2015)

Waha Capital announced its plans to invest up to AED4 billion (US\$1.08 billion) by 2020 in sectors with high growth potential such as energy, infrastructure, healthcare and education. The company stated that it has already invested AED255 million in Q1 2015. Established in 1997, Abu Dhabi-based Waha Capital is active in principal investments, capital markets, and industrial real estate. (May 17, 2015)

Integrated Diagnostics Holdings (IDH) listed on the London Stock Exchange at a premium of 35% to the issue price. The company raised US\$290 million through the sale of 65.2 million shares (44% stake) at an issue price US\$4.45 per share. Deutsche Bank and EFG-Hermes Holding were the lead managers. The IPO was oversubscribed 11.2 times. IDH is the largest fully integrated private sector diagnostics services provider in Egypt. IDH offers more than 1,000 diagnostic services, including pathology and molecular diagnostics, genetics testing, and basic radiology to patients; it also operates other laboratories through six brands. The company has over 290 branches and four central labs across the Middle East. (May 6, 2015)

Dubai Investments (DI) announced plans to increase its market share in the Qatari market for its innovative and diversified product portfolio in the building materials sector to cater to the current construction boom in the country. The company would participate in Project Qatar 2015, one of the region's key exhibitions for construction, sustainability, and building materials currently under way in Doha. DI's participation is part of its strategy to further expand its footprint internationally. Founded in 1995, DI invests in businesses across three sectors – real estate, manufacturing & industrial, and financial investments – in the UAE and the Middle East. The company currently has over 40 subsidiaries and joint ventures under its portfolio. (May 5, 2015)

Source: Zawya, Others

MENA IPO news

Total Maroc closed its IPO in Morocco. The company raised MAD611.5–719 million (US\$62.1–73 million) through the issue of 1.34 million shares (15% stake) at an issue price of MAD455–535. Attijariwafa Bank and Societe Generale Maroc were the lead managers. Founded in 1927, Morocco-based Total Maroc operates more than 270 fuel service stations and trades fuel to construction and transportation companies. In addition, the company markets lubricants through its network of service stations, distributors, or directly to its commercial and industrial partners. (May 15, 2015)

Phoenix Power Company opened its IPO for subscription in Oman. The company proposes to raise OMR56.3 million (US\$146.3 million) through the issue of 511.9 million shares (35% stake) at an issue price of OMR0.11 per share. Bank Muscat is the lead manager. Established in 2011, Phoenix Power Company develops, owns, and operates the Sur Independent Power Plant, a gas-fired power generation plant with a power capacity of 2,000 MW. (May 10, 2015)

Middle East Paper Company (MEPCO) listed on the Saudi Stock Exchange (Tadawul) at a premium of 10% to the issue price. The company raised SAR450 million (US\$120 million) through the issue of 15 million shares (30% stake) at an issue price of SAR30 per share. Riyadh Capital was the lead manager. Saudi Arabia-based MEPCO is a largest manufacturer of paperboard in the Middle East. It produces paper and paperboard from 100% recycled fiber. It also manufactures high-performance testliner, fluting, plasterboard line, and coreboard. (May 3, 2015)

Source: Zawya, Others



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