

M&A Deal Review

FY2019 MENA Region

Deal Snapshot

The Merger & Acquisition (M&A) activities in the MENA region in FY2019 reached a record high. The total deal value recorded was US\$90.2 Bn, with a deal count of 300 transactions (*inclusive of 141 disclosed deals*). This deal value signifies an increase of more than four times as compared to FY2018. Whereas, in terms of total deal count, it converted to an increase of 18% from FY2018.

The significant increase in deal value in FY2019 was primarily due to the mega-deal in Saudi Arabia's energy sector – the acquisition of a 70% equity stake in Saudi Basic Industries Corp (SABIC) by Saudi Aramco, valued at US\$69.1 Bn. The average deal size of US\$150 Mn in FY2019 was in line with FY2018 trends, excluding the SABIC transaction.

Key Trends:

- Excluding the Saudi Aramco – SABIC deal, banking & financial services was the sector with the highest M&A activity in the region with a total deal value of US\$13.9 Bn, primarily driven by consolidation. One of the prominent deals in this sector was Kuwait Finance House's acquisition of Ahli United Bank for US\$7.1 Bn.
- Despite global economic uncertainties in FY2019, the MENA region witnessed many cross-border deals of sizable scale. One of the marquee cross-border transaction was the sale of a 40% equity stake of ADNOC Oil Pipelines to US-based KKR and Blackrock for US\$ 4.3 Bn in Q32019.
- A key emerging trend in the MENA M&A space is the growing appetite for technology, digital, and data driven businesses. One of the significant deals in the technology space was the acquisition of Careem by Uber for a value of US\$3.1 Bn.
- Saudi Arabia's tech-based start-ups witnessed a record number of deals and funding agreements with a total of 71 transactions during FY2019 backed by a strong government support.



300

Total deal count
(disclosed & undisclosed)
in FY2019

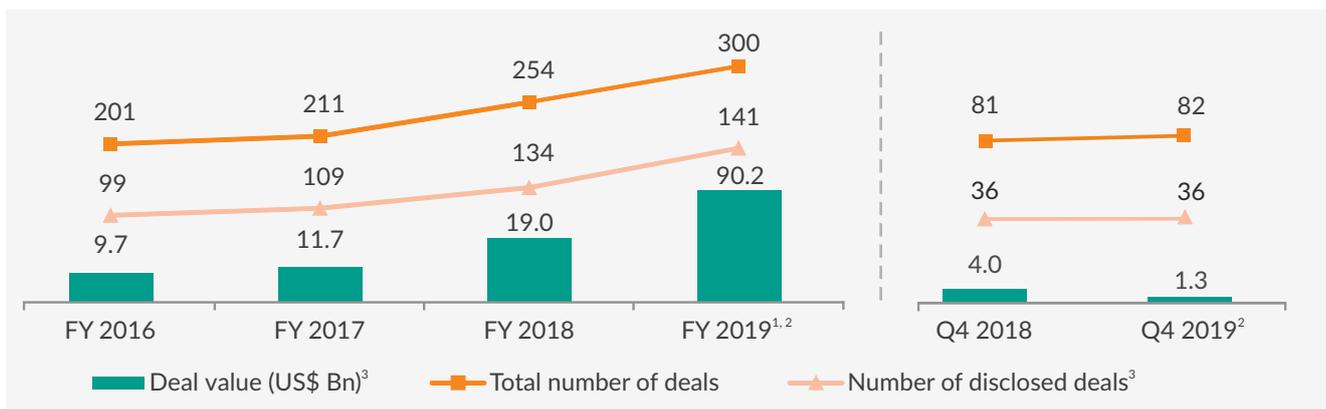
US \$90.2 Bn

Total disclosed
deal value
in FY2019

Energy

Sector with highest
M&A activity by deal value
in FY2019

Domestic M&A Deals Trend



Domestic Deal Activity by Country⁴ (FY2019)



Domestic Deal Activity by Sector⁴ (FY2019)



Cross-Border Deal Activity⁶ (FY2019)



Notes:

- 1) In our M&A Deal Review edition for Q1-Q3 2019, the number of deals (total & disclosed) and the deal value did not include certain deals during this period. These deals have now been included in FY2019.
- 2) 2019 deals include closed and announced deals. For the historical years from 2016-2018 only closed deals are considered.
- 3) All deal values and deal counts are based on publicly available information.
- 4) Deal activities by country and sector reflect the deals of the target country and the target sector respectively. Kindly note that rankings under these sections are based on deal value for disclosed deals.
- 5) Energy sector classification includes oil & gas and petrochemical sectors.
- 6) Top geographies are identified based on the total number of deals (disclosed and undisclosed).

Sources: Capital IQ Database, Bloomberg, Secondary Research, Protiviti Analysis, etc.

Case Studies from Our Recent Successful Transactions

1 PMO Advisor for a SAR 4.59 Bn (US\$ 1.22 Bn) transaction

On 25 December 2019, Saudi Arabian Fertilizer Company (SAFCO) signed a share purchase agreement with Saudi Basic Industries Corporation (SABIC). Under the agreement, SAFCO is acquiring 100% of SABIC Agri-Nutrients Investment Company (SANIC), in a transaction valued at SAR 4.59 Bn (US\$ 1.22 Bn). SAFCO is raising capital and issuing new shares to SABIC (100% owner of SANIC) in order to fund the acquisition.

SAFCO (a listed company in Saudi Arabia), is engaged in the production of agri-nutrient products primarily comprising ammonia and urea. This acquisition is an important step towards the shared vision of SABIC and SAFCO to position SAFCO as a global agri-nutrients leader. It will enable SAFCO to realize synergies and improve its global competitiveness.

Protiviti Member Firm for the MENA region was engaged by SAFCO as the Project Management Advisor (PMO Advisor) for this transaction. As PMO Advisor, Protiviti provided SAFCO with end-to-end assistance across the entire transaction process, including but not limited to, selection and appointment of third-party advisors, transaction timeline management, ensuring seamless internal as well as external communication, virtual data room management, periodic progress update and presentations to the Board Sub-Committee over the course of the transaction, ensuring smooth due diligence process, review of deliverables provided by third-party advisors etc.



Our Value-Add

- End-to-end support
- Efficient coordination of third party advisors
- Effective communication strategy (both internal & external)

“Protiviti’s support and assistance helped the client achieve major transaction milestones within a challenging timeframe.”

[Click here](#) to review additional transaction details.

2 Investment Advisor for merger of two Kuwaiti listed entities

The Securities House K.S.C.P. (Securities House) and Al Aman Investment Company K.P.S.C. (Al Aman) are Kuwait-based public shareholding companies listed on Boursa Kuwait. In January 2020, shareholders of Securities House and Al Aman approved the merger of the two entities.

Securities House is a brokerage company that deals in securities on behalf of its clients and itself, financial advisory and research services, and establishing/managing investment funds. Al Aman is engaged in asset management, private equity, and real estate in emerging regional and local markets, and is held 50% by The Securities House.

Considering the complementarity of operations and the common shareholding, a merger was considered since this would provide the shareholders of both companies synergistic benefits, as well as increased product and geographical diversity and greater access to markets.

Protiviti was jointly appointed by both the companies as the Investment Advisor for the merger. As Investment Advisor, Protiviti was responsible for independent review on the valuations, computing the share swap ratio, assessing for impact on significant events post valuation dates and finally providing opinion on the fairness of the merger offer.



Our Value-Add

- Independent valuation review
- Identifying synergies
- Fairness opinion

“Protiviti’s support as an Investment Advisor enabled our clients to successfully and smoothly conclude a complex merger.”

[Click here](#) to review additional transaction details.

Our Services

Capable, regional, highly qualified practice providing a bespoke offering that addresses your specific needs and requirements.

<h3>M&A and Fund Raising Advisory</h3>  <ul style="list-style-type: none">• Exit/sale readiness assessment• Sell-side M&A advisory (full auction, negotiated sale, asset sale)• Buy-side M&A advisory (bilateral, search & acquire)• Licensed investment advisor (Kuwait)• Divestment advisory• Fund raising advisory (Private Equity, Mezzanine and Debt)	<h3>Transaction Support Services</h3>  <ul style="list-style-type: none">• Financial due diligence• Vendor assist due diligence• Closing due diligence• Portfolio review and assessment• Post-acquisition/merger support	<h3>Valuation & PPA Advisory</h3>  <ul style="list-style-type: none">• Business valuation• Intangibles valuation• Purchase price allocation• Valuation reviews• Impairment testing (assets, goodwill and intangibles)	<h3>Other Services</h3>  <ul style="list-style-type: none">• Project Management Support (PMO)• IPO readiness assessment• Feasibility studies and business plans• Market study and research• Bid support and documentation• Financial modeling and review
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About Protiviti

Protiviti (www.protiviti.com) is a global consulting firm that delivers deep expertise, objective insights, a tailored approach and unparalleled collaboration to help leaders confidently face the future. Through its network of more than 85 offices in over 25 countries, Protiviti and its independently owned Member Firms provide clients with consulting solutions in finance, technology, operations, data analytics, governance, risk and internal audit.

Named to the 2019 Fortune 100 Best Companies to Work For® list, Protiviti has served more than 60 percent of Fortune 1000® and 35 percent of Fortune Global 500® companies. The firm also works with smaller, growing companies, including those looking to go public, as well as with government agencies. In the MENA Region, Protiviti's member firm is a leading provider of business consulting, internal audit, risk management, technology, forensic and fraud investigation, human capital, managed business services, data analytics, digital transformation, and transaction services. Protiviti member firms are separate and independent legal entities, are not agents of other firms in the Protiviti network, and have no authority to obligate or bind other firms in the Protiviti network.

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Contact Us

George Thomas

Managing Director

george.thomas@protiviti.com

Rohit Gupta

Director

rohit.gupta@protiviti.com

Omar Iqbal

Director

omar.iqbal@protiviti.com

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