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you for the public stage?

MENA IPO Eye: Q1 2022
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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 Q1 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.

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MENA IPO market

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It is clear that with an unprecedented surge in issuances in Q1 2022, MENA IPO activity is delivering new opportunities for investors and bucking the global trend. The breadth of industry sectors that have been listed also reflects a more widespread return to strong economic growth across the region, with IPOs in consumer cyclicals, technology, basic materials, healthcare and the energy sector. Saudi Arabia is currently the dominant player, but with regionwide activity that is bucking the global trend, we anticipate continued IPO activity across the entire region as 2022 progresses.

Brad Watson

EY MENA Strategy and Transactions Leader

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MENA IPO market



MENA IPO market summary

Key highlights: IPOs

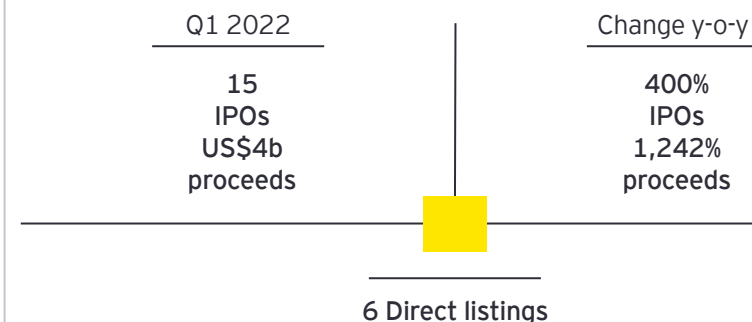
- ▶ MENA IPO markets saw 15 IPOs¹ during Q1 2022 raise US\$4b in proceeds. This represents a 400% increase in the number of IPOs and a 1,242% increase in proceeds as compared with Q1 2021.
- ▶ Saudi Arabia dominated Q1 2022 activity with 6 IPOs on Tadawul's Main Market and 7 IPOs on the Nomu-Parallel Market, a total of 13 IPOs raising US\$3.9b in proceeds. The largest IPO during Q1 2022 for the MENA region was Al Nahdi Medical Co, which raised US\$1.38b in the Kingdom's biggest IPO since Saudi Aramco's listing in 2019. Saudi Arabia's digital security firm, Elm Information Security Company, had the second biggest IPO of the quarter, raising US\$819m in proceeds.
- ▶ Jahez International Company for Information System Technology completed its listing on the Tadawul as the first listing in MENA for 2022, after raising US\$427m with their IPO on Nomu-Parallel Market late last year.
- ▶ The Egyptian Exchange (EGX) saw the listing of the previously postponed IPO of Macro Group Pharmaceuticals, having raised US\$82.7m during their IPO.
- ▶ In Oman, Barka Desalination Co SAOC raised US\$11.4m and completed their listing on the Muscat Stock Exchange (MSX).
- ▶ IPO activity in MENA continues to look promising after a strong start to the year, despite uncertainties that are affecting the global IPO outlook. In contrast, global IPO volumes during Q1 fell 37%, with proceeds down by 51% year-over-year (y-o-y). Strong IPO pipelines in Saudi Arabia and the UAE are expected to result in another record setting year for MENA IPO markets.

Key highlights: direct listings

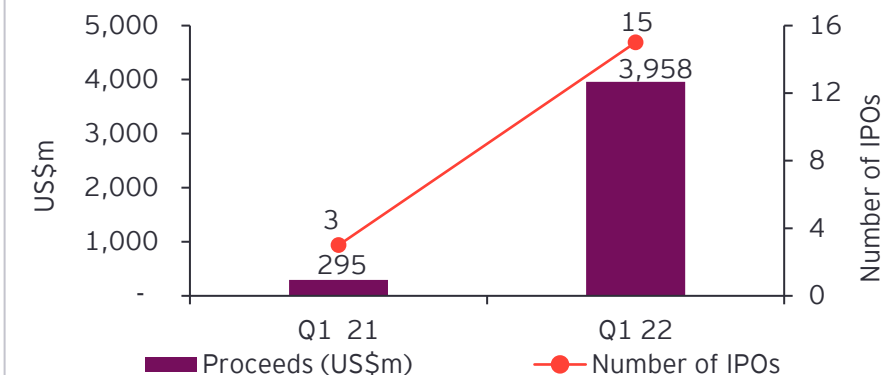
- ▶ Abu Dhabi Ports Company raised new capital of US\$1.1b through a private placement before listing on the ADX.
- ▶ There were four direct listings (i.e., no funds raised through a public offering, but admitted to trading) on the Nomu-Parallel Market during Q1: AME Company for Medical Supplies, Obeikan Glass Co, Saudi Parts Center Company and Saudi Azm for Communication and Information Technology Co.
- ▶ On the EGX, Nahr Elkhair Development and Investment completed its direct listing during Q1.

Note: ¹Data captures IPOs of companies that completed their listing during Q1 2022.

MENA IPO overview



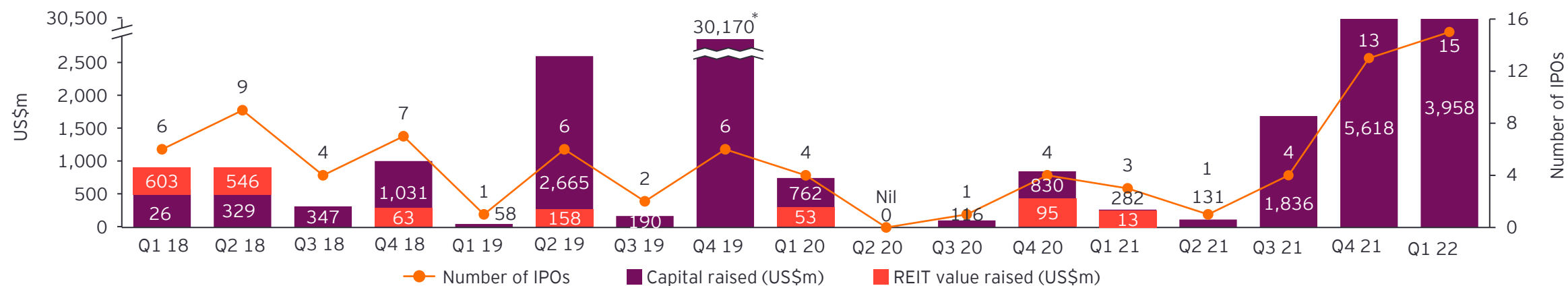
MENA IPO activity



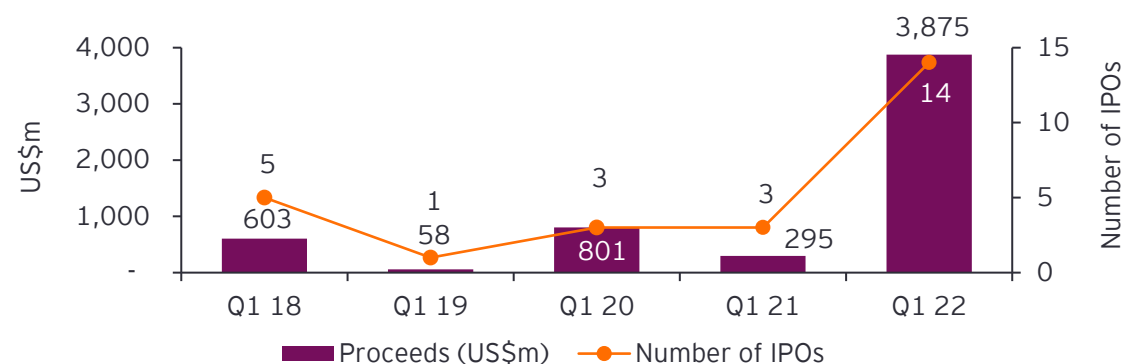
Source: Refinitiv Eikon, S&P Capital IQ.

MENA IPO activity

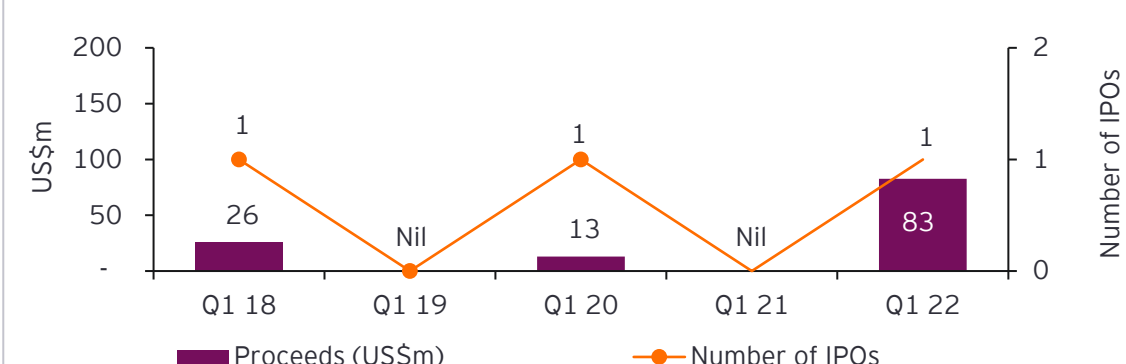
MENA IPO activity (Q1 2018-Q1 2022)



GCC IPOs (Q1 2018-Q1 2022)



Non-GCC IPOs (Q1 2018-Q1 2022)



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

Source: Refinitiv Eikon, S&P Capital IQ.

MENA IPOs during Q1 2022

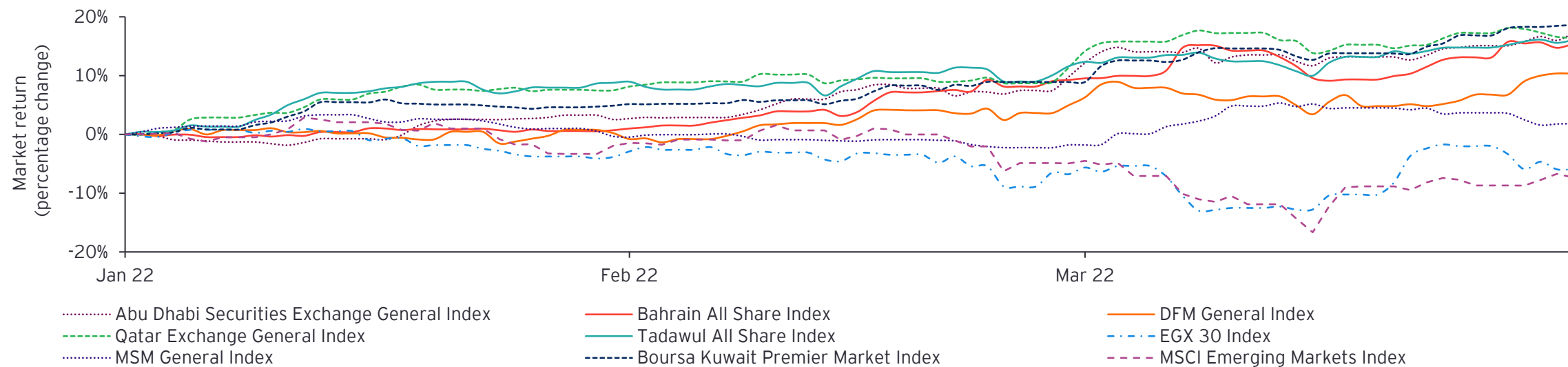
List of MENA IPOs: Q1 2022

Listing date	Issuer	IPO proceeds (US\$m)	IPO price (US\$)	Share price performance %*	Sector	Exchange
05 Jan 2022	Jahez International Company for Information System Technology	426.8	226	33%	Consumer discretionary	Tadawul (Nomu)
06 Jan 2022	Advance International Company for Communication and Information Technology	11.7	29.3	82%	Technology	Tadawul (Nomu)
18 Jan 2022	Alwasail Industrial Company	12.7	5.1	90%	Industrials	Tadawul (Nomu)
07 Feb 2022	Gas Arabian Services Co Ltd	19.0	24	3%	Industrials	Tadawul (Nomu)
10 Feb 2022	Macro Group Pharmaceuticals	82.7	0.3	-45%	Health care	EGX
14 Feb 2022	East Pipes Integrated Co	134.4	21.3	-3%	Materials	Tadawul
16 Feb 2022	Elm Information Security Co	819.2	34.1	68%	Technology	Tadawul
20 Feb 2022	Raoom Trading Co	21.3	21.3	105%	Industrials	Tadawul (Nomu)
27 Feb 2022	Barka Desalination Co SAOC	11.4	0.4	2%	Utilities	MSX
28 Feb 2022	Scientific & Medical Equipment House LLC	83.2	13.9	54%	Health care	Tadawul
02 Mar 2022	Al Jouf Healthy Water Bottling Co	5.8	9.3	173%	Consumer staples	Tadawul (Nomu)
03 Mar 2022	Arabian International Healthcare Holding Co	110.7	21.9	-10%	Health care	Tadawul (Nomu)
14 Mar 2022	Al Dawaa Medical Services Co Ltd	502.6	19.5	2%	Consumer staples	Tadawul
22 Mar 2022	Al Nahdi Medical Co	1,379.4	34.9	18%	Consumer staples	Tadawul
29 Mar 2022	Al Masane Al Kobra Mining Co	336.8	16.8	33%	Materials	Tadawul

*Share price performance measured by IPO price as at 31 March 2022. Source: Refinitiv Eikon, S&P Capital IQ.

MENA equity markets

MENA exchanges performance



Source: Refinitiv Eikon.

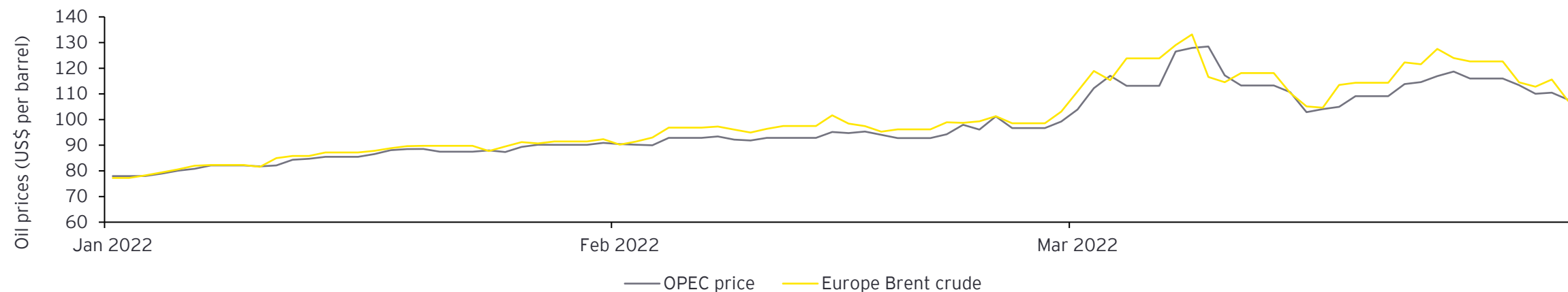
MENA equity markets continued their strong performance of 2021 into 2022, with strong gains for Abu Dhabi (17.2%), Qatar (16.5%) and Saudi Arabia (16.1%) during Q1 2022.

During Q1 2022, the Boursa Kuwait Premier Market Index, increased by 18%, followed by Bahrain, which saw an increase of 15.3%. The Dubai Financial Market increased by 10.4%, while in Oman, the MSX 30 Index saw a slight increase of 1.8%. In Egypt, the EGX 30 index decreased by 6% during Q1 2022 as the market continues to be gripped by concerns on the Egyptian pound's devaluation.

The stock performance of MENA IPOs which listed during Q1, saw strong increases in price for most companies, particularly for the IPOs in Saudi Arabia. This further demonstrates the continued investor appetite for MENA IPOs backed with continued robust support in the secondary markets as well.

MENA oil price performance

OPEC and Brent oil price



Source: Organization of the Petroleum Exporting Countries (OPEC) and Energy Information Association (EIA).

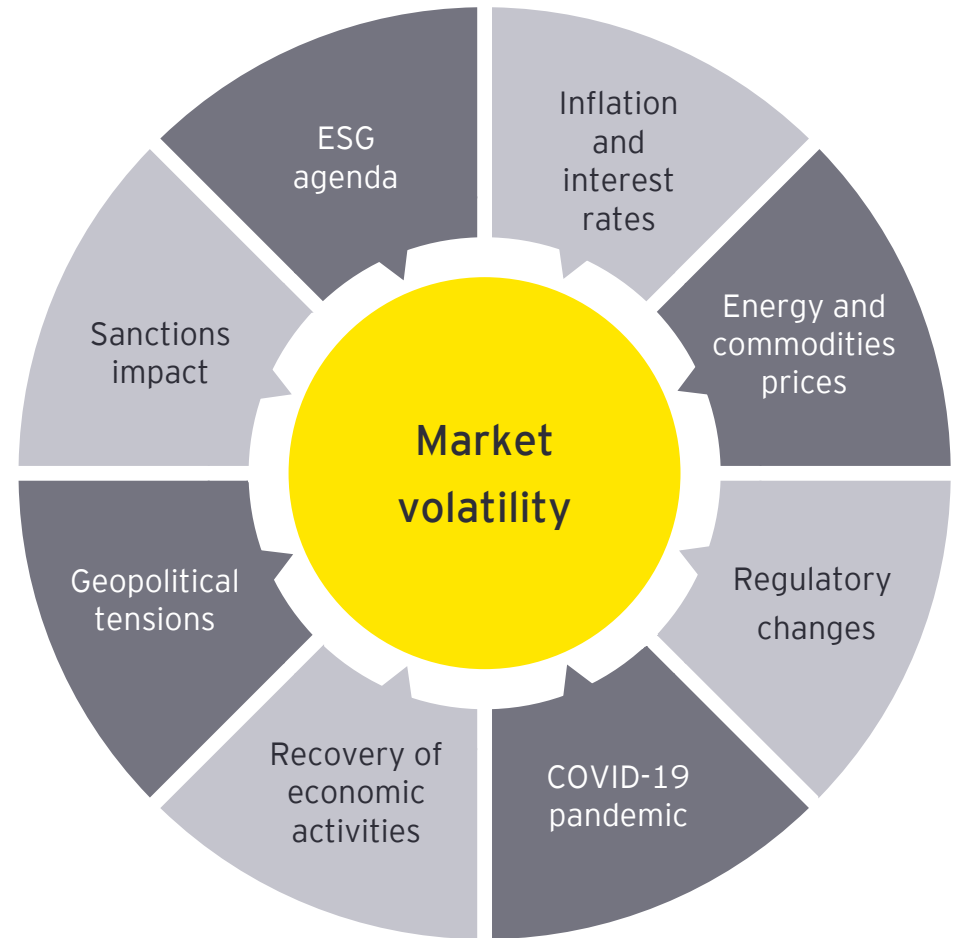
After two years of oil and gas market reaction to a seemingly endless string of unforeseen events, we ended the first quarter of this year facing the prospect of a complete reworking of the global supply-demand balance, trade flows and capital allocation. The possibility of escalating sanctions against Russia, the world's largest natural gas exporter and the second-largest crude oil exporter, led oil prices to levels not seen since shortly before the world financial crisis and LNG prices to levels where they have never been.

Oil market balance continues to lean toward undersupply. In the first quarter, global demand declined slightly by 0.3% from the previous quarter. OPEC and other oil producers outside North America increased their production, while US output marginally declined. Going forward, supply concerns will almost certainly become the dominant narrative.

The loss, or potential loss, of Russian oil and gas supplies is forcing producers, refiners and traders to rethink the flow of crude oil and refined products from the wellhead to the gas pump in light of sanctions, potential sanctions and the risk of reputational damage. Countries, companies and consumers will all be searching for ways to adapt and the outcome of the race to bring alternatives to market could alter the global energy landscape for years to come.

Source: EY Price Point: global oil and gas market outlook Q2 | April 2022.

Factors to consider for IPO candidates in the current climate





MENA IPO market

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With such a strong start to IPOs and trading activity across many of the Middle East's exchanges in Q1 2022, we can be confident that the region is moving through a period of strong investor confidence. Within the GCC, Saudi Arabia in particular is presenting investors with a great variety of opportunities across multiple industry sectors that bodes well for Saudi Arabia's Vision 2030 for the development of a diverse non-oil economy. As we look ahead, Q2 is already off to a strong start with the DEWA IPO listing on the Dubai Financial Market, which was heavily oversubscribed. This good news is particularly welcome given the current context of global uncertainty, which led to a number of launches in other markets being postponed.

Gregory Hughes

EY MENA IPO and Transaction Diligence Leader

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 practices and regulatory requirements
- ▶ Prioritize the gaps in an IPO road map

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

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Appendix



Guide to going public

[Download](#)

Strategic considerations before, during and post-IPO

How do you know when a change of direction is necessary?



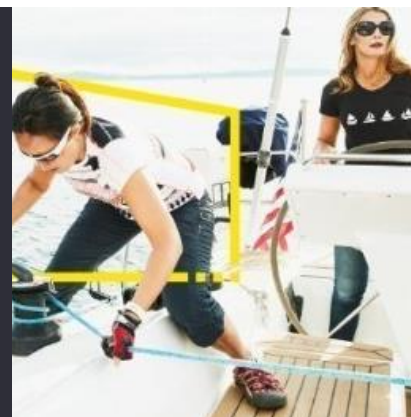
How an IPO can strengthen family businesses for generations to come?



How unicorns know when an IPO is the right strategic option



Will a new equilibrium in capital markets impact your ambitions?



Why the CFO is integral to a successful IPO



How to give an IPO the best chance of long-term success



IPO activity per stock exchange

IPO activity per stock exchange

Stock exchange	IPOs Q1 2022	IPOs LTM ¹ Q1 2022	IPOs since 2018 ²
Tadawul-Main Market	6	13	35
Tadawul-Nomu	7	10	12
ADX	0	3	3
DFM	0	0	1
EGX	1	3	11
Boursa Kuwait	0	0	2
MSX	1	2	7
Bahrain SE	0	0	1
QSE	0	0	3
Casablanca SE	0	1	4
Tunis SE	0	1	2

Notes:

1) Last 12 months (LTM).

2) Up to 31 March 2022.

Source: 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



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

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ED None

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