

GCC IPOs – 2018

With oil prices recouping, several companies have announced their plans of going public, estimating that liquidity will improve in the coming period, which might channel into equity markets. As per the information available (announced or rumored in the media), more than 30 companies (excluding REITs) are expected to go public in 2018, majority of them on local markets and few big names are yet undecided where to list.

Saudi Arabia and UAE are expected to be the biggest contributors, with a number of announced and rumored IPOs in the pipeline. The year is also expected to witness mother of all IPO's i.e. Saudi Aramco. The progress on the IPO has been relatively slow mainly because of the development related to where to list that magnanimous IPO. Other big names, which are expected to hit the market, are: Abu Dhabi Ports, Emirates Global, Aramco, Senaat, Gems Education, Property Management Unit of Dar Al Arkan, ACWA Power Saudi, Kuwait Stock Exchange and some power companies in Oman. Amongst these names also, some are contemplating to list on foreign market as well.

We believe early 2018 would be an opportune time for the companies to go public as oil prices would continue to remain higher supported by output cuts. Later on, we expect shale producers to bounce back with higher production and drag the oil prices down. As per OPEC report, Shale producers in the US have managed to lower their breakeven costs by 30-50% in 2015-17, by improving technology and efficiency.

Saudi Arabia

Tadawul:

Company	Comment	Tentative Size	Tentative Time
Saudi Aramco	The most anticipated IPO is Aramco, which every bourse around the world wishes to list. The US and the UK are amongst the top contenders to list the company. We believe that the government authorities would not delay it further as rising oil price registered so far offers them a good opportunity before shale players kick in with their produce and drag the prices down.	USD 100bn	2H18
Flynas	Flynas is pressing ahead with an initial public offering and has selected a global firm to work on it. It would be the largest budget airline in the GCC to list with fleet size of 80 compared to Air Arabia - 49 & Jazeera - 7.	30%	NA
Saudia Cargo	Saudia Cargo IPO has been in talks for many years and yet again last year its parent company said that it could go listing in 2018.	30%	NA
Units of Saudia	Company spokesperson announced that multiple other units of Saudia might also be offered such as its Saudia Medical Services and its Maintenance and Flight Academy Unit.	NA	NA
Dar Al Arkan - Property Management Unit	Dar Al Arkan Properties Company, is a wholly-owned unit and runs Dar Al Arkan's property management and leasing business. It has income producing assets worth SAR2.68bn spread across a number of cities in the kingdom.	30%	NA
Bateel International	The IPO news was announced in late 2016 and no new update is available on the Company. As of 2016, Bateel owns 50 branches in the Middle East, a number which is expected to increase to 75 branches in 2018.	NA	NA
Al Saedan Real Estate Company	In April 2017, Al Saedan Real Estate Company announced its plan for IPO. The Company has restructured its capital to reach SAR 1.3bn, and has direct and indirect investments amounting to SAR 2bn.	NA	NA

Saudi Flour Mills	The IPO of Saudi Arabia's flour mill companies is expected to be announced during 2Q18. Significant process has been achieved over the past few months in preparing the four flour mills for their privatization.	NA	2Q18
ACWA Power	Saudi Arabia's ACWA Power has invited banks to bid to arrange its initial public offer of shares, which is expected to value the company at up to USD 1bn.	NA	NA

Nomu – Parallel Market

Takhzeen Logistics Co.	The Company offers road freight, trucking, warehousing, forwarding, offloading, temperature controlled storage, customers clearance, supply chain management, distribution, and other related services.	35%	1H18
National Building & Marketing Co.	The Company announced its plan for IPO in 2016. However, no new update has come. The company trades in all types of building materials and produces 220,000 tons of steel a year.	35%	NA
Shebal Trading	CMA approved the listing of a 20% stake, or 700,000 shares in Oct 2017.	20%	1H18

UAE

Company	Comment	Tentative Size	Tentative Time
ServeU – Union Properties	Union Properties announced that it will raise capital through an IPO for its facilities management subsidiary, ServeU.	NA	2H-2018
Gulf Navigation	Gulf Navigation said it plans to increase its capital by AED 448mn in order to make the issued and paid up share capital to be AED 1bn, distributed over 1bn shares at a par value of AED 1/share.	NA	1Q18
North Africa Hospitals – Abraj	The business, which includes about a dozen hospitals and clinics in Egypt, Tunisia and Morocco, is worth as much as USD500mn (AED 1.83bn).	NA	NA
Al Shafar General Contracting	Al Shafar General Contracting (ASGC) is still considering the idea of holding an initial public offering, but its timing depends on improvements in market conditions.	NA	NA
Daman Investments	The chairman and founder of Daman Investments said that the company has decided to postpone the plan to issue its stocks in the DFM to after 2017. Assets managed by the company currently reach USD1.25bn.	NA	NA
Abu Dhabi Ports	Abu Dhabi Ports, founded in 2006, operates 11 ports and hosts an average of about 25,000 ships per year, according to its website. Its flagship projects are the Khalifa Port and the Khalifa Industrial Zone, known as Kizad.	USD 1bn	NA
Emirates Global Aluminum	EGA, which is owned by Mubadala and Investment Corporation of Dubai, was created in 2013 following a merger between Dubai Aluminum and Emirates Aluminum. In 2016, EGA increased its net profit to AED2.1bn.	USD 3bn	NA
Senaat	Senaat, which holds stakes in Abu Dhabi's National Petroleum Construction Co. and Emirates Steel, is considering reviving plans for an IPO three years after putting them on hold.	USD 1bn	NA
GEMS Education	GEMS, which operates more than 250 schools across 14 countries, could have a market capitalization of around USD4.5-5bn in a London IPO which is expected to take place in 2018.	NA	NA

Qatar

Company	Comment	Tentative Size	Tentative Time
Baladna	Media reported that the IPO might value the company, which flew 3,400 cows into Qatar during the initial weeks of the boycott to address a shortage of fresh milk, at about QAR 2bn (USD 550mn).	USD 100-125mn	NA
Al Jaber Group	The company announced plans of IPO on Doha Stock Market, but there has been no recent news flow on that front.	USD 800mn	NA

Oman

Company	Comment	Tentative Size	Tentative Time
Arabia Falcon Insurance	Arabia Falcon will most probably open the IPO this year in Oman. The entity was formed by the merger of Arabia Insurance Co and Falcon Insurance Co.	NA	1H-2018
Minerals Development Oman (MDO)	IPO of Sultanate's new mining investment and development flagship, is still in the works, according to a key official of the wholly government-owned company. MDO is still committed to go for the IPO be it as MDO Holding or as a special purpose vehicle (SPV).	NA	NA
Dhofar Generating	Dhofar Generation Company (DGC), will start power generation from its 445 megawatt-capacity plant in January 2018.	NA	2018
Musandam Power Company	Musandam Independent Power Project (IPP), a 120 MW power plant, supplied and built by Finland-based technology group Wärtsilä was inaugurated in northern Oman in 2017.	NA	NA
Salalah Methanol	Salalah Methanol, founded in 2006, is owned 90% by state-run Oman Oil Co. IPO plan was announced in 2017 but no new update was issued.	NA	NA

Kuwait

Company	Comment	Tentative Size	Tentative Time
Kuwait Stock Exchange	Kuwait's stock market is one of the oldest in the Middle East. Established officially in the early 1980's, it has shrunk in the past few years as dozens of companies have been delisted.	NA	NA
Shamal Azzour Al-Oula	Az-Zour North One plant has a capacity of at least 1,500 megawatts and is structured as a public-private partnership. A public share sale was a condition for the project once construction was finished.	NA	1Q18

IPOs in 2017

GCC IPO market activity gained momentum in 2017 buoyed by a general improvement in market conditions and investor confidence in the region. The number of IPOs almost doubled in 2017 when compared with 2016. The year 2017 has shown a significant increase in the number of IPOs in the GCC, with 18 offerings compared to 5 in 2016. Furthermore, proceeds raised during 2017 were a whopping 252% higher compared to 2016 in spite of some low value IPOs listed on Saudi's NOMU parallel market in 2017.

Name	Stock Exchange	Offer Size (USD mn)	Offer Price (LCY)	Last Close (LCY)	Offer To Date
Abu Dhabi National Oil Co	Abu Dhabi	850.8	2.500	2.710	8%
Emaar Development PJSC	Dubai	1,313.4	6.030	5.750	-5%
National Life & General Ins.	Muscat	55.1	0.320	0.312	-3%
Al Ahlia Insurance Co SAOC	Muscat	19.5	0.300	0.340	13%
Muscat City Desalination Co S.	Muscat	16.9	0.116	0.163	41%
Vision Insurance SAOC	Muscat	10.5	0.162	0.145	-10%
Oman Qatar Insurance Co	Muscat	10.4	0.160	0.146	-9%
Investment Holding Group	Qatar	138.1	10.100	6.280	-38%
Thob Al-Aseel Co	Saudi Arabia	68.0	85.000	62.000	-27%
Zahrat Al Waha For Trading Co	Saudi Arabia	61.2	51.000	49.300	-3%
Raydan Co	Saudi Arabia	57.6	32.000	15.100	-53%
Baazeem Trading Co	Saudi Arabia	31.6	39.000	27.300	-30%
Abdullah Saad Mohd. Abo Moati	Saudi Arabia	12.8	15.000	11.900	-21%
Al-Omran Industrial & Trading	Saudi Arabia	9.0	28.000	17.000	-39%
Al Kathiri Holding Co	Saudi Arabia	6.8	31.000	21.200	-32%
Arab Sea Information Systems	Saudi Arabia	5.9	11.000	12.020	9%
Al Samaani Factory For Metal	Saudi Arabia	4.7	78.000	71.360	-9%
Development Works Food Co	Saudi Arabia	4.3	65.000	69.000	6%

Source: Bloomberg

Dubai Financial Market, with a single IPO in 2017, led the GCC in terms of amount raised through an initial public offer size at USD 1.31bn (contributing 49% to the total proceeds raised through IPO in the GCC), followed by Abu Dhabi Exchange at USD 850.8mn, contributing 32% to the total, via once again a single IPO (ADNOC Distribution). Saudi raised USD 261.8mn via 10 IPOs, comprising 10% of total IPO proceeds in 2017 in the GCC. Qatar's single IPO of the year (Investment Holding Group) contributed 5% at USD 138.1mn. Oman, with its 5 IPOs, raised USD 112.4mn in 2017, contributing 4% to the total GCC IPO proceeds. Total capital raised through IPO across GCC was at USD2.68bn.

A total of USD 760.7mn were raised by Saudi Arabia & Nasdaq Dubai towards REIT Fund IPOs.

Issuer Name	Country	Offer Size (USD mn)	Offer Price (LCY)	Last Close (LCY)	Offer To Date
Aljazira Mawten REIT	Saudi Arabia	31.5	10.000	16.320	63%
ENBD REIT CEIC Ltd	Nasdaq Dubai	105.0	1.110	0.980	-12%
Jadwa REIT Alharamain Fund	Saudi Arabia	176.0	10.000	10.000	0%
Al Maather REIT Fund	Saudi Arabia	49.1	10.000	8.970	-10%
Al Mashaar REIT	Saudi Arabia	152.6	10.000	9.060	-9%
Al Mashaar REIT	Saudi Arabia	152.6	10.000	9.060	-9%
Musharaka Real Estate Income F	Saudi Arabia	93.9	10.000	9.530	-5%

Source: Bloomberg



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