

PwC Strategy

Supporting growth,
investment and
deals across the
Middle East

*Services and capabilities
2013*





 **PwC Offices**

Established in the Middle East for 40 years, PwC has firms in Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, the Palestinian territories, Qatar, Saudi Arabia and the United Arab Emirates, with around 2,500 people.

Introduction

Welcome to PwC's Strategy capabilities for corporate and financial clients looking to acquire, partner or grow in the Middle East.

Strategy is at the heart of good investment decisions, and in today's market it is more important than ever to ensure that decisions are based on objective and stress-tested analysis, coupled with local knowledge and deep industry insights. We have a team of specialists to help our clients do just that, giving them greater confidence in taking strategic decisions on growth, investment and future direction.

We provide global quality, delivered locally, working with leading clients on a partnership basis. In the pages that follow we summarise our focused capabilities.



Strategy in the Middle East

The Middle East region contains some of the world's most diverse, challenging and rewarding markets. The social and political upheaval seen across some of the region is a visible indication of the rate of change in some markets. But this is more than matched by other, less visible changes such as those in consumer behaviour, industrial development, regulatory reform and business culture.

Making informed decisions in this environment can be challenging, in particular considering that the quality and quantity of publicly-available information is lower than in more transparent markets.

Based entirely in the region, our Strategy team works with clients to understand the challenges and opportunities of their specific target markets, to anticipate relevant trends, and ultimately to make investment decisions based on fact, not supposition.

Our services

Market entry strategy

Helping multinational clients understand the local market and develop plans to increase their presence

Commercial due diligence

Helping corporate, financial and sovereign investors identify, evaluate and execute investment opportunities

Corporate strategy and business planning

Helping local and regional clients develop sound and implementable strategies and plans for growth

Economics

Providing economic and social analysis to support decisions across all our client types

Our points of difference

Our dedicated Strategy team combines international experience with local market access. We are connected into the wider PwC network, which has over 2,500 people in 12 countries across the region, as well as with PwC's global industry sector teams to provide industry insight and international benchmarking.

With a multinational, multilingual team based in four key locations, our team has the ability to gather and interpret information and expertise that is not publicly available. Connecting with our other specialist teams in Tax, Legal and

M&A, we can provide a depth of understanding across a range of areas to ensure that our recommendations are specific and achievable.

Being part of PwC, our analysis, advice and conclusions are objective, practical and financially-grounded.

All of which means we reduce uncertainty in our clients' business decisions, and maximise the chances of achieving a successful outcome.

Market entry strategy



For international companies used to the structure, order and single-digit growth rates of mature markets, the Middle East represents an exciting but daunting prospect. For ambitious multinationals, the region collectively represents a ‘must have’ market.

In aggregate, the region has a population of over 400 million, approximately the same as Western Europe. But its attractions go beyond its size. Demographically, it has some of the wealthiest consumer segments in the world, as well as a rapidly growing middle class with a highly international outlook. Governments are investing in social and economic infrastructure, and the corporate sector is supported by a new generation workforce that is educated, connected, mobile and bilingual.

But the Middle East is a geographic region, not an economic bloc. For most companies, a ‘Middle East Strategy’ is a meaningless concept. From the wealthy but stratified economies of the UAE, KSA and Qatar, to Egypt with a population larger than Germany, to the

tremendous long term potential of Iraq and Libya, each market presents its own particular opportunities and challenges.

We offer a range of services to help international companies develop and implement effective strategies.

- **Market research and analysis**, to generate a ‘factbase’ to form the foundation for strategic decision-making
- **Market positioning strategy**, to help tailor products, services, brands and marketing to local markets
- **Partner search, selection and due diligence**, to ensure that your local partner search is the most appropriate and effective choice
- **Location strategy**, considering the relative attractions of the different countries, cities and economic zones in the region
- **Operating model and business case development**, to generate a full picture of the commercial, operational and financial profile of your venture

Commercial due diligence

For financial and corporate clients pursuing an acquisition strategy, commercial due diligence helps verify your investment hypothesis.

In our view, many investors in the Middle East are more likely than their European or North American counterparts to make an investment decision based on an untested hypothesis. But the lower level of publicly-available information does not mean that acquisition decisions should be ill-informed.

Commercial due diligence reviews the Target's historical and forecast performance from the perspective of its markets, its customers, its competitors and its internal capabilities. It therefore provides the investor with a detailed, objective and fact-based review of the Target's strategic risks and opportunities, as well as a quantitative assessment of the growth projections used as a basis for the transaction.



Typically, commercial due diligence would cover:

- A review of **market demand**, verifying the level of market growth in the business's specific products/services
- Analysis of the **competitive** environment, to assess the level of competition in the market and verify the Target's particular competitive position
- Analysis of key **customers** and the strength of the Target's relationships. Often, we conduct customer referencing to provide high quality independent feedback
- An understanding of the drivers of historical **trading performance**. For example, to what extent was growth impacted by market changes, new products, competitor action or regulatory changes?
- Conclusions on the **achievability of forecast projections**, with specific adjustments where we believe that the level of risk is too high, or where we believe there to be hidden upside

Our conclusions on financial projections can feed into the financial due diligence workstream to ensure that the profit and cash impact of any adjustments are accurately modelled, giving you a clear view of the impact on valuation.

PwC's commercial due diligence services are supported by industry knowledge, our extensive network of clients and contacts and our primary research capabilities, all of which help us overcome the challenges of finding answers in data-poor environments. Our team has worked with many of the leading private equity investors in Europe, North America and the Middle East and is well versed in the deal process and the requirement for speed, accuracy and reliability.

Corporate strategy and business planning

An effective strategy has to take into account the specific characteristics of the external market environment as well as the client's own internal capabilities.

It also has to be robust and achievable, not just 'blue sky thinking'.

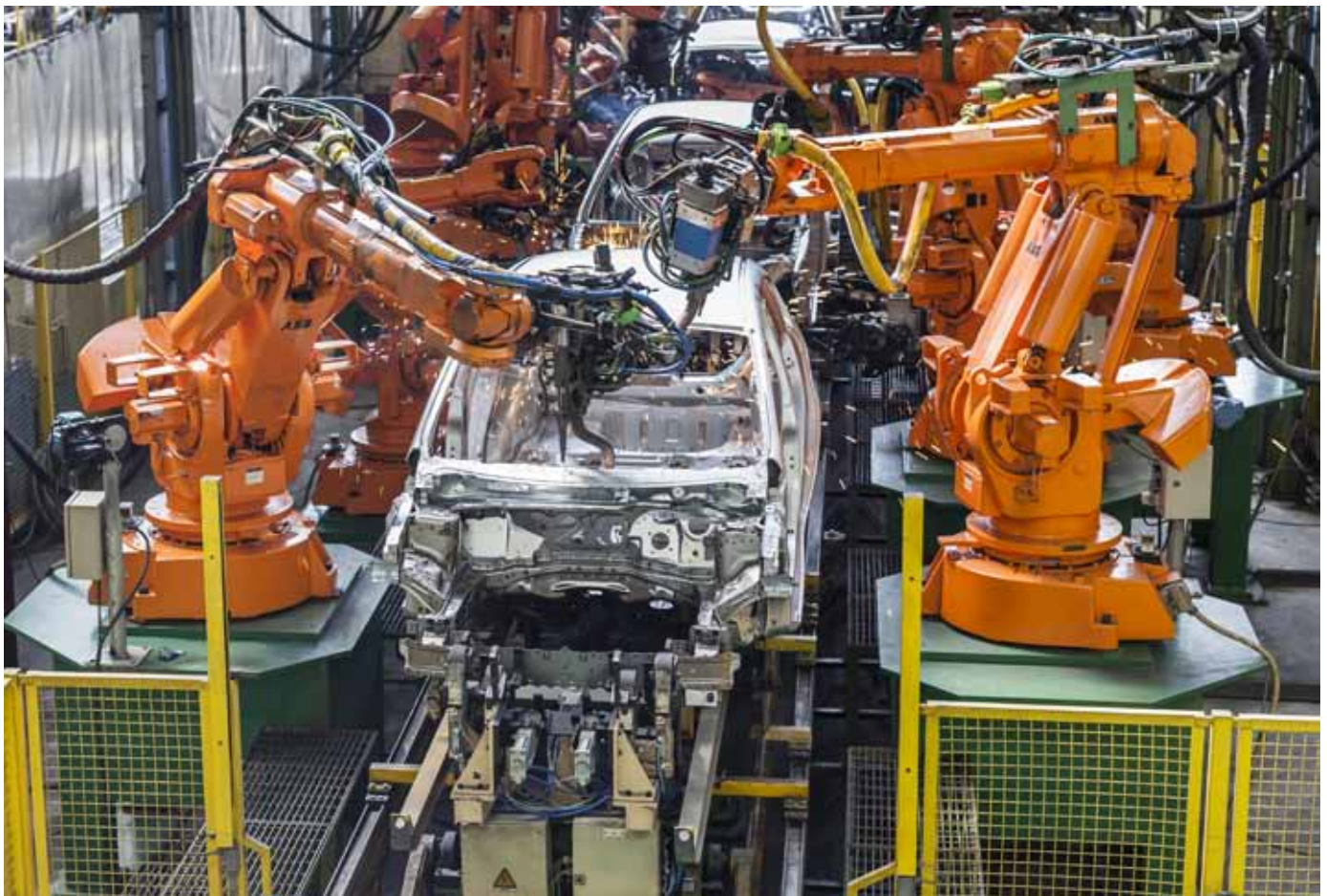
For these reasons, we combine hard research, financial and analytical skills with an in-depth knowledge of the Middle East. We understand the particular challenges the region presents and we use a variety of primary and secondary research techniques to ensure strategies are not based on guesswork.

Clients come to us for corporate strategy and business planning support when they are considering:

- Clarifying, formalising or changing strategic direction
- Diversifying into new products, services or customer segments
- Addressing unsatisfactory growth or profitability
- Professionalising business planning processes
- Raising finance for a new venture

In our view, many organisations in the region outline an intangible or aspirational strategy, and don't align resources, personnel or investments in order to make their strategies a reality.

We therefore work hard to ensure that our recommendations are practical and implementable. We can develop implementation plans to turn strategy into action and can introduce PwC's project management capabilities if transformational change is required.



Economics

Economics is the 'science' of business. It helps organisations make better decisions, grounded in robust and compelling evidence.

In the Middle East, we have developed a suite of relevant services that can help clients understand their economic and social impact in the region, forecast revenue potential in new markets, and develop industry or 'cluster' strategies that resonate in the global economy.

Revenue forecasting

Our team helps companies assess the revenue potential of countries, cities and regions around the world, in a consistent way:

- Identifying and comparing which markets offer the greatest opportunity for your organisation
- Understanding how macroeconomic conditions and market drivers affect your growth strategy
- Targeting the right cities or regions for your organisation

Impact assessments

Given the economic and social aspirations of many of the region's countries, organisations across all sectors need to demonstrate the beneficial impact of their activities on their local communities and economies. This is of particular relevance in an economic 'offset' arrangement.

Our assessments typically quantify and monetise three types of impact:

- Direct impacts - employment, output and fiscal contributions generated by the sector/company itself
- Indirect impacts - employment and output generated by purchases from its supply chain and by the spending of those employed by the sector/company
- Wider impacts - including improving productivity in other sectors of the economy, social benefits such as skills, education and quality of employment, or cultural benefits contributing to the reputation and branding of the host country

Industry and cluster strategies

A key feature of the economic development of the Middle East is the rise of economic zones, either 'free' or onshore, often focused on particular industries or capabilities. To be successful, these zones need a clear value proposition and focused marketing, demonstrating the value of the cluster concept as well as the market opportunity that the zone can help access. We can assist clients in:

- Comparing the relative benefits of industrial zones in the region
- Developing, challenging and strengthening the value proposition for an industrial zone or cluster
- Marketing support for industrial zones



Industry experience



We work across all industry sectors in conjunction with PwC's network of industry specialists. However, we have particular experience in the following sectors in the region:

- Aerospace & Defence
- Agriculture, Food & Beverage
- Construction & Building products
- Industrial manufacturing
- Media
- Retail & Consumer
- Tourism & Leisure
- Transport & Logistics
- Telecommunications
- Healthcare
- Business Services

Contacts

United Arab Emirates

**Philip Shepherd**

Telephone: +9714 304 3501
Mobile: +971 56 676 1857
philip.shepherd@ae.pwc.com
PricewaterhouseCoopers
Building 4, Level 8 Emaar square
Dubai, PO Box 11987
United Arab Emirates

**Matt Alabaster**

Telephone: +971 2 694 6965
Mobile: +971 56 682 0584
matt.alabaster@ae.pwc.com
PricewaterhouseCoopers
Abu Dhabi Trade Centre
PO Box 45263, Abu Dhabi
United Arab Emirates

**Wasim Kamhawi**

Telephone: +971 2 694 6912
Mobile: +971 58 682 0563
wasim.kamhawi@ae.pwc.com
PricewaterhouseCoopers
Building 4, Level 8 Emaar square
Dubai, PO Box 11987
United Arab Emirates

**Lubna Kabir**

Telephone: +971 2 694 6806
Mobile: +971 50 887 9276
lubna.kabir@ae.pwc.com
PricewaterhouseCoopers
Abu Dhabi Trade Centre
PO Box 45263, Abu Dhabi
United Arab Emirates

**James Oram**

Telephone: +971 2 694 7440
Mobile: +971 50 189 4776
james.a.oram@uk.pwc.com
PricewaterhouseCoopers
Building 4, Level 8 Emaar square
Dubai, PO Box 11987
United Arab Emirates

Kingdom of Saudi Arabia

**Russell Taylor**

Telephone: +966 1 211 0400
Mobile: +966 56 931 1700
russell.j.taylor@sa.pwc.com
Pricewaterhousecoopers
Kingdom Tower – 21st Floor
King Fahd Highway
P.O. Box 13933 Riyadh 11414
Kingdom of Saudi Arabia

**Elie Daoud**

Telephone: +966 1 211 0400
Mobile: +966 54 042 0685
elie.daoud@sa.pwc.com
Pricewaterhousecoopers
Kingdom Tower – 21st Floor
King Fahd Highway
P.O. Box 13933 Riyadh 11414
Kingdom of Saudi Arabia

Qatar

**Felicien Dillard**

Telephone: +974 4 419 2731
Mobile: +974 70 570 482
felicien.dillard@qa.pwc.com
PricewaterhouseCoopers
Tornado Tower 41st floor
PO Box 6689 Doha
State of Qatar

