2025 TransAct Middle East

Bold moves: Big bets, bigger growth

Strategic dealmaking continues to fuel the region's transformative ambition.

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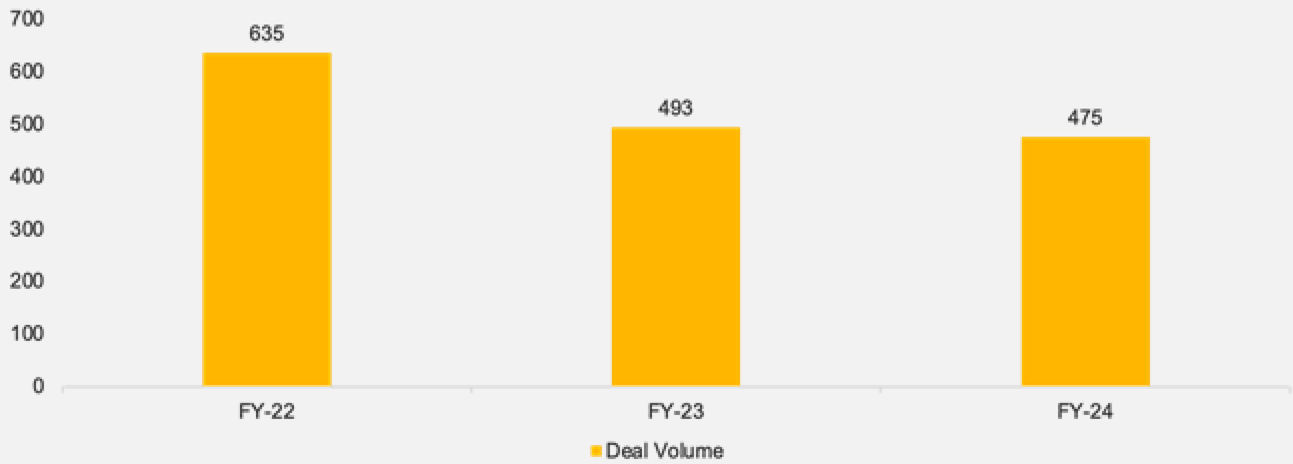
Overview

In 2024, the Middle East's mergers and acquisition (M&A) landscape reflected global trends, shaped by a growing focus on innovation and sustainability across various regions.

Several factors have been driving the renewed global M&A momentum, including investments in growth and transformation, particularly in areas such as Artificial Intelligence (AI). This has been bolstered by the availability of abundant capital from both private equity (PE) firms and corporates.

According to PwC's Global M&A Industry Trends, the dealmaking environment is poised for growth in 2025, with sectors like entertainment and media, technology, aerospace and defense, and financial services seeing higher deal values in 2024, driven by an uptick in megadeal activity (where deals values are greater than US$1bn). This growth, however, follows a period of declining global deal volumes, which fell 17% from 57,670 deals in 2023 to 47,178 in 2024. Notably, the Middle East has experienced a much smaller decline than the global trend (refer to figure 1), with deal volumes dropping by only 4% - from 493 deals in 2023 to 475 in 2024—demonstrating greater resilience in the region's M&A activity.

Figure 1: Middle East M&A deal volume (FY-2022 to FY-2024)



Source: PwC analysis based on LSEG Refinitv data
Note: Data only includes cross border inbound deals and intra-regional deals and excludes outbound cross-border transactions.

Over the past decade, the Middle East has positioned itself as a global economic powerhouse, leveraging its sovereign wealth funds (SWFs) and government-backed entities, with a strategic shift toward economic diversification. Against the backdrop of global geopolitical fragmentation and economic uncertainties, Middle Eastern dealmakers pursued bold strategies to reshape their portfolios and redefine their influence both regionally and internationally. The transformation of traditional industries in the region, coupled with a strong push for more inclusive and sustainable economies, is driving diversification in partnerships beyond traditional allies.

Saudi Arabia and the UAE have deepened their global economic ties, with Saudi Arabia joining BRICS as an observer and the UAE becoming a full member in 2024. Within the GCC, there is also a concerted effort to unlock new markets and attract investment through strategic free trade agreements (FTAs). In October 2024, the region finalised an FTA with New Zealand after more than a decade of negotiations.[1] Additionally, the GCC is in the final stages of securing an FTA with the UK, aiming to boost bilateral trade by 16%,[2] further reinforcing its role as a global economic hub.

Moreover, Asian partnerships are coming to the fore in the Middle East's economic strategy. Beyond driving non-oil growth, diversification efforts are creating opportunities for Asian firms in construction, infrastructure, technology, sustainability, and financial services—attracting investment, businesses, and talent from the region.[3] In August 2024, Saudi Arabia's PIF signed six agreements worth up to US$50 billion with leading Chinese financial institutions to boost bilateral capital flows, reinforcing Saudi-China economic ties. Similarly, in June 2024, PIF-backed Riyadh Air partnered with China Eastern Airlines to enhance connectivity and collaborate on digital transformation, further strengthening Middle East-Asia cooperation.[4]

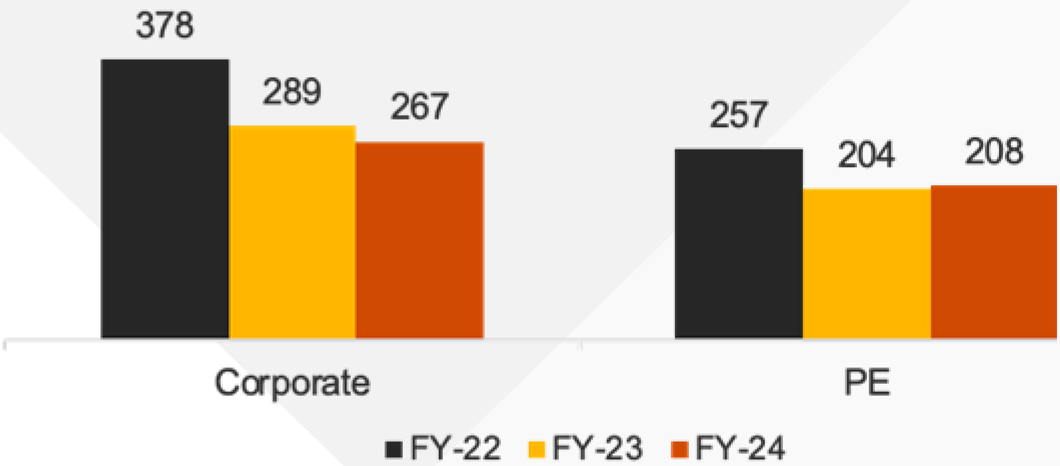
As part of the region's strategic approach to diplomacy, the GCC and China have also agreed to accelerate FTA negotiations moving into 2025, and discussions are also underway with the EU and Japan, as we have highlighted in our latest report Five GCC economic themes to watch in 2025.

Corporates remained the dominant force in the Middle East's M&A landscape in 2024, accounting for 56% of total deal volume despite a slight decline from 2023, while private equity (PE)-backed deals made up 44% (refer to figure 2). Notably, inbound deals played a significant role in PE activity, totaling 108 transactions, whereas intra-regional deals were a major factor for corporates, with 136 transactions. This trend bears a strong reflection on the region's drive for localisation and its appeal to foreign investors.

As the year unfolded, energy transitions, technological advancements and the growing influence of AI reshaped the investment landscape. Middle Eastern nations, particularly the UAE and Saudi Arabia, led the charge in renewable energy investments while continuing to monetise their hydrocarbon resources. Meanwhile, the region's accelerating economic diversification and commitment to achieving net-zero targets has highlighted its readiness to embrace a greener, more innovation-driven future.

These shifts reflect a heightened focus on growth and transformation in the region. Business leaders anticipate pressure to evolve within the next decade - or even sooner - due to the rapid acceleration of emerging technologies, climate change imperatives and intensifying competition over new industries. In fact, 64% of GCC CEOs and 60% of overall Middle East CEOs believe they will need to adapt their businesses in 10 years or less to remain viable, as echoed in PwC's 28th Annual Global CEO Survey: Middle East findings, published in January 2025.

Figure 2: Middle East M&A deal volume by deal type (FY-2022 to FY-2024)

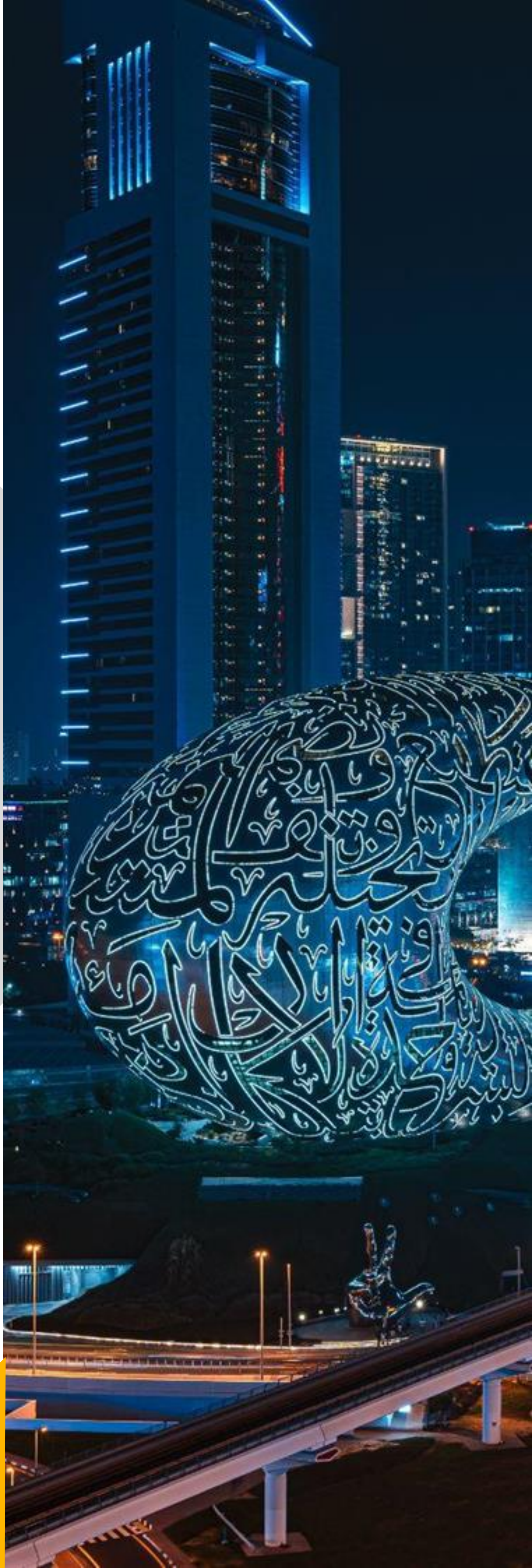


Source: PwC analysis based on LSEG Refinitiv data

Note: Data only includes cross-border inbound deals and intra-regional deals and excludes outbound cross-border transactions.

"In 2024, the Middle East's M&A market demonstrated remarkable resilience and confidence, driving strategic investments in AI, renewable energy and infrastructure. The region saw a notable rise in large-ticket deals, reflecting the bold ambitions of investors to accelerate regional diversification, bringing in new capabilities and strategic expertise to strengthen key industries. Sovereign wealth funds and corporates are actively expanding their global footprint, positioning themselves for an even bigger push in 2025."

Romil Radia
Deals Market Leader
PwC Middle East



Growth amidst economic hurdles

The region's growth prospects remain steady, driven by receding inflation, easing interest rates and strong non-oil sector performance in the GCC, which grew by an impressive 3.7%.[5] The convergence of these factors set the stage for a resilient end of 2024 for the region and could further lead to transformative growth in the coming years.

OPEC+’s decision to scale back planned production increases in 2025 and extend output cuts into 2026 may impact Saudi Arabia’s GDP. However, it will accelerate diversification into non-oil sectors, making the economy more resilient in the future. This shift has already triggered the emergence of transformative opportunities in sectors like renewable energy, technology, and logistics.

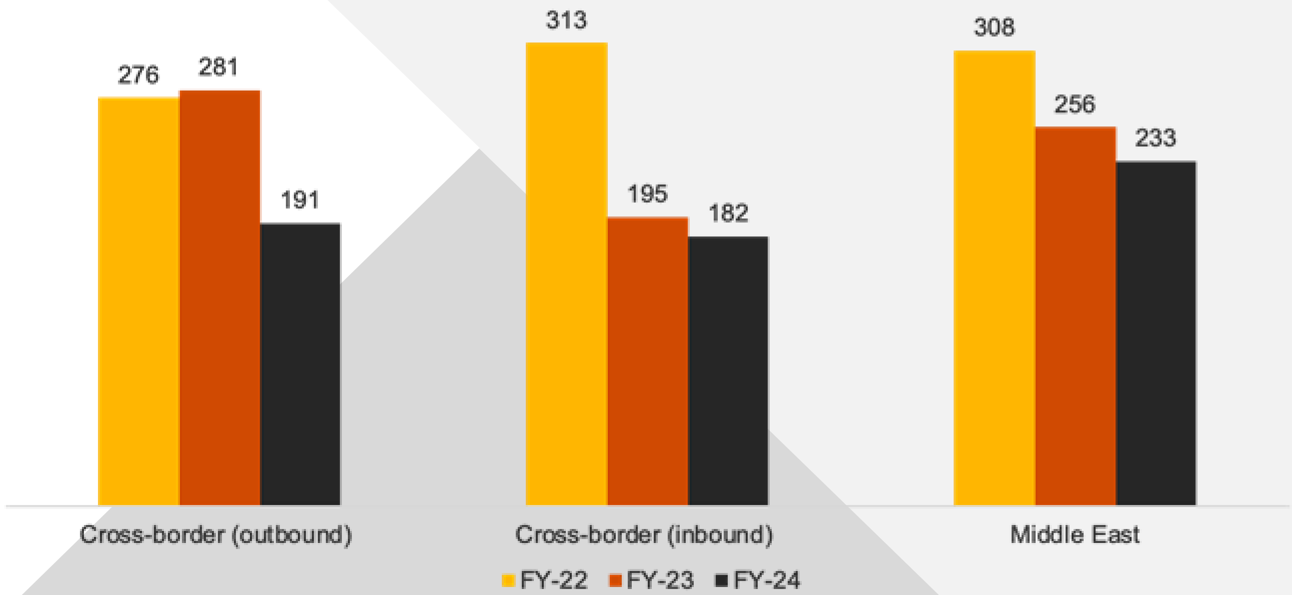
Bigger deals, broader reach

In the Middle East, a noticeable decline in outbound M&A activity was observed in 2024 (refer to figure 3). This was largely due to global economic headwinds, stricter foreign direct investment (FDI) regulations, including the EU's proposed FDI screening measures in January 2024. Moreover, according to PwC's Global M&A report, valuations are still high in some countries, such as the USA, where forward price-to-earnings (P/E) ratio of U.S. stocks (S&P 500) was 22.87 compared to 13.67 for non-U.S. international stocks (S&P International 700). With higher valuations investors often hesitate, seeking to avoid inflated acquisition costs. Despite these challenges, regional champions, such as the UAE's Mubadala and Saudi Arabia's PIF continued their global expansion, acquiring assets across Europe, Asia, and North America.

Among these acquisitions was Mubadala Capital's US$8.7bn acquisition of Toronto-based CI Financial - a strategic push into the financial sector and an avenue to enhance its footprint in North America.[6] From ADNOC's US$12.5bn acquisition of Covestro, the first purchase of a German blue-chip company by a Middle Eastern buyer,[7] to a range of investments in industries, such as AI, green energy, and advanced manufacturing, the region's players signalled their intent to compete on the world stage. The airline sector also saw increased activity, with Qatar Airways Group acquiring a 25% minority stake in Southern Africa's regional carrier, Airlink, in August 2024.[8] Later in the year, the airline signaled further expansion, announcing plans in the final quarter of 2024 to acquire a 25% stake in Virgin Australia from U.S. private equity firm Bain Capital for an undisclosed amount.[9]

Such deals are not only expanding the international reach of Middle Eastern players but also contributing to sectoral transformation at home. They are leading to the rise and establishment of national champions, fostering both economic growth and sectoral advancement. For instance, UAE's Pure Health, a leading healthcare group, has emerged as a national champion in the country's healthcare sector. Backed by Abu Dhabi's ADQ, it is playing a pivotal role in expanding healthcare services and driving innovation across the UAE.

Figure 3: Cross-border deal volume (FY-2022 to FY-2024)



Source: PwC analysis based on LSEG Refinitv data
Note: Data includes cross border inbound (buyers outside ME targeting ME firms) deals, Middle East (intra-regional deals), and outbound cross-border (buyers within ME targeting firms outside ME) deals.

Inbound M&A subdued, but big deals persist

Inbound deals have continued their multi-year decline with the volume falling from 313 in 2022 to 195 in 2023 - a sharp 38% decline -before moderating to 182 in 2024, reflecting a smaller 7% drop year-on-year (cf. Figure 3). Despite this downward trend, the region remains attractive to foreign investors, as evidenced by Brookfield Business Partners' US$2.0bn acquisition of UAE-based payments-processing company Network International, signaling continued confidence in key sectors. [11]

Looking ahead, the push to develop energy infrastructure, leisure, and tourism assets is expected to create new opportunities for inbound investment.

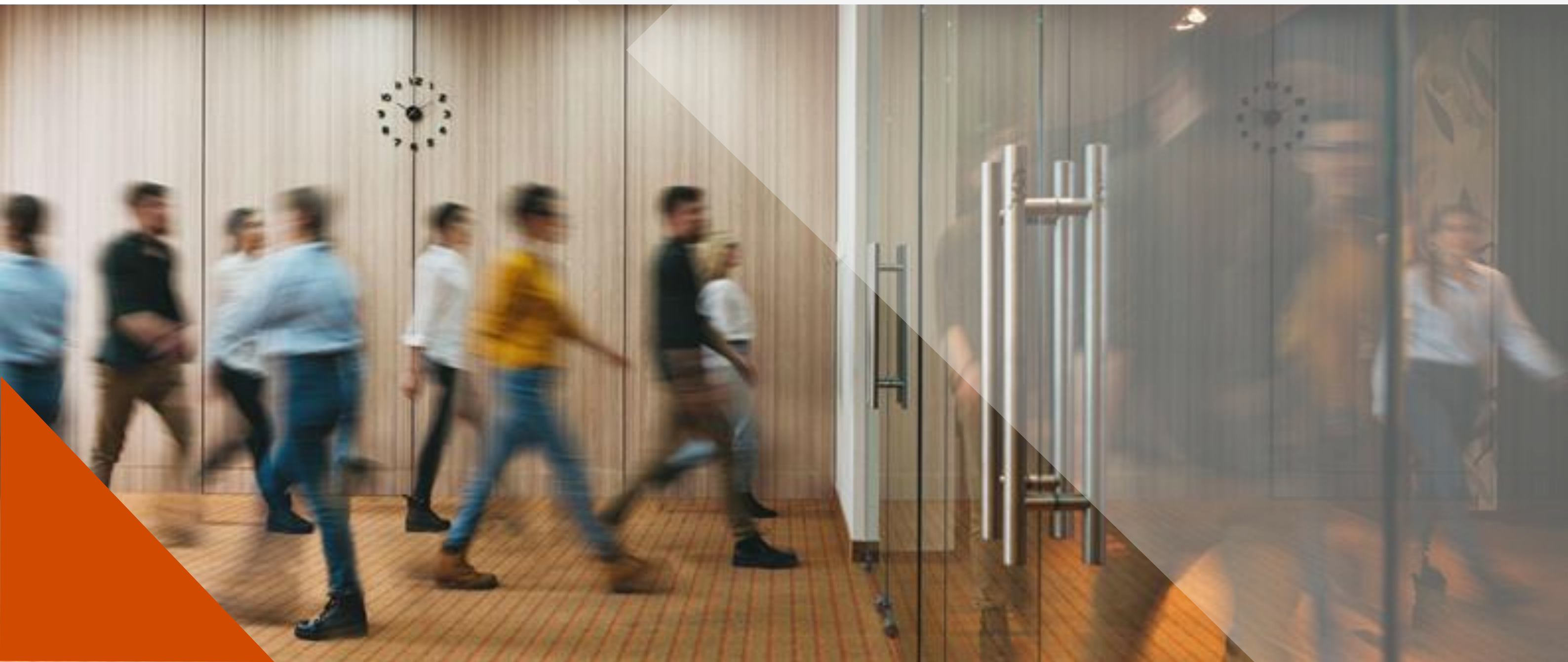
Sovereign wealth, strategic moves

Sovereign Wealth Funds (SWFs) were central to the Middle East's M&A activity in 2024. The UAE's Mubadala, emerged as the lead investor in 2024, deploying US$29.2bn across 52 deals[12] in key areas such as AI, telecom infrastructure, logistics, and data centres among others.[13] Other SWFs, including Saudi Arabia's PIF and the Qatar Investment Authority (QIA), are also leading efforts to reshape the regional economy. Their strategies span different key categories, including building new verticals, investing in future-oriented sectors, enhancing soft power, and creating regional champions.

PwC's 2024 Middle East Climate Tech report revealed an active participation of SWFs as unique investors in the global climate tech landscape in 2024. Funding from Middle East investors, amounted to US$3.55 billion in 2024, with Abu Dhabi government-owned investor CYVN taking over the top position, Ayar Third Investment Company - a subsidiary of Saudi PIF - retaining its position as the second largest investor into climate tech and Qatar Investment Authority at the third position. The largest number of deals were with US-based innovators (21 deals), followed by UAE-based climate tech companies (15 deals), indicating that Middle Eastern SWFs are playing a significant role globally in this area.

Middle Eastern IPO markets thrive

Globally, higher interest rates, heightened volatility and inflation exceeding central banks' target laid a tough foundation for the initial public offerings (IPOs) environment in 2024. However, in the GCC, the IPO market achieved a record-breaking year in 2024 with 53 listings raising a total of $13.2 billion—marking a 25% increase from the previous year. This was in part driven by increase privatisation efforts and economic diversification.



In 2025, capital markets in the region are expected to see an uptick in momentum with IPO activity likely reflecting the dominance of Saudi Arabia and the UAE. Governments are prioritising the flotation of stakes in state-owned enterprises, further reducing their involvement in free-market economies. Alongside this, the ongoing deregulation and expansion of the private sector will create new opportunities for businesses across various industries, bringing fresh ideas to the market and attracting investors.[14] As a result, the volume and value of listings are expected to rise, reinforcing the region's position as a dynamic hub for capital market activity.

Deal trends 2023 - 2024

Year	Top 5 deals	Total value	Single largest deal
2023	PIF acquired minority stakes in four construction companies	US$ 1.3bn	**US$ 1.3bn**
	Investor group acquired 80% of Zain KSA's fixed tower infrastructure	US$ 806.8mn	
	Global Investment Holding acquires Eastern Company	US$ 625mn	
	Emirates Telecommunications Group Company PJSC acquires Careem Networks FZ LLC	US$ 400mn	
	SNB Capital acquires Tamara	US$ 340mn	
2024	Abu Dhabi National Oil Co PJSC acquires Fertiglobe PLC	US$ 3.6bn	**US$ 3.6bn**
	Agility Global PLC shareholders acquired a 49% stake via in-kind dividends	US$ 2.2bn	
	Saudi Arabian Mining Co JSC acquired Ma'aden Waad Al Shamal Phosphate Co	US$ 1.5bn	
	Bayanat AI PLC acquired Al Yah Satellite Communications Co PJSC	US$ 1.5bn	
	Investor group acquired Aster Dm Healthcare Fzc	US$ 1bn	

Note: Deal values displayed constitute disclosed deals within the Middle East

Key themes

01	Technology and AI drives business reinvention
02	SWFs continue to shape homegrown economic growth
03	Green energy transitions drive new investment strategies
04	Increasing private participation aids diversification
05	Global PE could fuel Middle East M&A boom

Technology and AI drives business reinvention

With its advanced ICT infrastructure, abundant capital and appetite for advanced technology adoption, the Middle East, especially the GCC countries, has positioned itself as a global hub for AI and digital innovation. This aligns with the economic visions of Saudi Arabia, Qatar, the UAE and Bahrain, which are embracing advanced technologies to build knowledge-based economies and reduce reliance on traditional sectors.

Investments in AI-driven solutions, such as Presight AI Holding's acquisition of 11% stake in Athletic Intelligence Quotient (AIQ) from ADNOC for US$350mn, reflects a growing emphasis on leveraging technology to drive efficiency and competitiveness.[15] This trend is also reflected in PwC's 28th Annual CEO Survey: Middle East Findings, where a notable 88% of CEOs within the GCC have adopted GenAI in the last 12 months, exceeding a global average of 83% and reflecting greater confidence in the technology's potential. Moreover, 93% of regional CEOs predict that AI will become systematically integrated into technology platforms, compared to 78% globally.

In 2024, the UAE significantly ramped up its focus on AI and advanced technologies with a series of groundbreaking initiatives. Abu Dhabi took the lead by establishing the Artificial Intelligence and Advanced Technology Council (AIATC), tasked with shaping strategies for AI research, infrastructure, and investments. By mid-year, the UAE created the position of Chief AI Executive to oversee AI integration across all federal entities, signaling a unified national approach.[16] Meanwhile, Saudi Arabia launched 'Project Transcendence,' a US$100 billion initiative aimed at fast-tracking tech infrastructure investment to drive the growth of the Kingdom's AI ecosystem.[17]

These developments are transforming businesses along a spectrum of sectors. In healthcare delivery for instance, UAE's Ministry of Health and Prevention (MoHAP) and the Emirates Health Services (EHS) partnered with AI firm AI71 to integrate its medical large language model, RAZI71 into the country's healthcare system. This initiative aims to refine clinical decision support systems, enhance patient monitoring, and improve the overall healthcare delivery system.[18]

Within the transportation sector, the UAE is again making strides in AI-powered mobility. Dubai's Autonomous Transportation Strategy, launched in April 2016, aims to transition 25% of the city's transportation to autonomous mode by 2030. By 2024, the initiative had already achieved 9.4% of its goal,[19] laying the groundwork for a significant shift in urban mobility. Beyond sustainability benefits such as reduced emissions, this progress creates new business opportunities in autonomous vehicle technology and related services.

In the telecommunications sector, there has been a notable increase in investments in data centers, which are essential for powering. For instance, in 2024, Qatari telecom company Ooredoo announced a US$ 550mn financing deal to boost its data centre and AI infrastructure across the region.[20]

With AI now a key pillar of economic transformation strategies in the Middle East, the stage has been set for increased dealmaking activities in AI and deep tech. This stands to attract investments from global tech firms, venture capital, and private equity players seeking exposure to this rapidly growing sector.

SWFs continue to shape homegrown economic growth

The Middle East's localisation agenda continues with SWFs continuing their focus on sectors critical to long-term economic growth. Reflecting this inward shift, landmark deals such as Saudi Basic Industries Corporation's (SABIC) regulatory-approved acquisition of Saudi Iron and Steel Company (Hadeed) by the PIF highlights the region's commitment to the localisation trend. Moreover, the PIF has also introduced additional stipulations to its mandates, often requiring the incorporation of local talent into operations and ensuring a portion of the funding is allocated to investments in domestic companies and projects.

As SWFs continue to prioritise investments in local businesses, industries and projects, dealmaking will likely increase in sectors critical to the region's long-term economic goals. This could lead to a greater number of domestic deals as companies look to align with national priorities and regulatory frameworks that support local development.

Green energy transitions drive new investment strategies

The Middle East's commitment to achieving net-zero emissions is also changing investment strategies, with a focus on green assets and technologies that enable decarbonisation. A notable example of the increasing emphasis on renewable energy is Masdar's US$ 2.7bn acquisition of Terna Energy, securing a majority stake in the Greek clean energy company.[21] Moreover, both PIF and Mubadala have committed to net-zero emissions by 2050, integrating emissions considerations into their investment frameworks and advocating for decarbonisation in their portfolios. PIF in particular, as of June 2024 had allocated US$ 5.2bn across projects in renewable energy, energy efficiency, sustainable water management, clean transportation among other eligible categories.[22] These initiatives demonstrate how net-zero ambitions are not only being seen in domestic investment landscapes but also, positioning the region as a key player in the global decarbonisation movement.

Increasing private participation aids diversification

The Middle East has been pursuing privatisation initiatives as part of broader economic diversification strategies. In Saudi Arabia, the government's 'Privatization Program' launched in 2018, has led to significant developments especially in the healthcare sector, with the private sector accounting for 53% of healthcare investments.[23] The UAE in June 2024 also released a new public-private partnership manual to enhance collaboration in key sectors such as infrastructure and healthcare, with the aim to drive sustainable growth and attract foreign investment.

In Egypt, the government has also been advancing its privatisation agenda. As highlighted in PwC's 2024 TransAct Middle East Report, Egypt in February 2024, signed its largest investment deal to date, with Abu Dhabi's, ADQ-led consortium, investing US$ 35bn in the country.[24] This would be one of the largest new city developments by a private consortium.

Global PE could fuel Middle East M&A boom

According to PwC's Global M&A Industry Trends, the number of deals valued over US$1bn has increased from 430 in 2023 to over 500 in 2024, driving an 11% rise in average deal sizes. Within this category, megadeals (those exceeding US$5bn) grew from 61 in 2023 to 72 in 2024, marking an 18% increase. This surge reflects a global trend of increased asset supply expected to come to the market, driven by the increasing pressure on PE players to exit mature portfolio company investments and corporations divesting non-core assets.

For the Middle East, the year 2024 marked a significant shift in deal activity. While only one regional deal exceeding US$1bn was recorded in 2023, 2024 saw five such deals, with the largest reaching US$3.6bn. This increase in deal value highlights the region's growing appetite for high-value transactions. Foreign investor appetite from PE also strengthened, with US-based investment firm Main Street Capital Corporation's US$40mn investment in UAE's Gulf Manufacturing to support its acquisition of Maass Global Group.[25] Additionally, U.S private equity firm, TA Associates acquired a majority stake in the Dubai-based GCC education provider, AlephYa Education.[26]

With the expected stabilisation of the global macroeconomic environment in 2025, PE activities in the Middle East is set to enter a new phase, potentially driving more cross-border deals and increasing the volume of high-value transactions.

Industry trends

Energy, Resources and Sustainability (ERS)

Within the ERS sector, the Middle East is increasingly focused on renewables and utilities, while also pursuing strategic growth in oil and gas. This dual approach, combined with ambitious net zero targets, is driving economic diversification and fueling M&A activity as countries in the region transition to clean energy.

Key investments in clean energy technologies and essential infrastructure include Saudi Arabia's Al Shuaibah solar plant that plans to increase renewable energy capacity to 130 GW by 2030.[27], the Mohammed bin Rashid Al Maktoum Solar Park in the UAE and Egypt's plan to raise renewables' share to 42% by 2030. This sets the tone for increased M&A activity within the ERS sector in the coming months, as regional players ramp up efforts to diversify energy portfolios and meet ambitious climate targets.

Regional players, such as Abu Dhabi's ADQ and Abu Dhabi National Energy Company (Taqa) are acquiring renewable assets globally – with a focus on low-carbon sectors, while sovereign wealth funds invest in utilities like waste and water management, highlighting the sector's growing importance in the region's energy transition strategy.

Among the high-profile deals shaping the ERS sector in 2024 is Masdar's US$2.7 billion acquisition of a 70% stake in Greece's Terna Energy, highlighting the region's commitment to clean energy leadership.[28] Meanwhile, national oil giants such as Abu Dhabi's ADNOC and Saudi's Aramco are pursuing downstream acquisitions to secure global market share in hydrocarbons, balancing sustainability with economic growth.[29]

Technology, Media and Telecommunications (TMT)

The TMT sector has become increasingly prominent in Middle Eastern M&A growth. Technology stands out as one of the key areas driving change within the sector. Spanning subsectors such as telecommunications, entertainment, and tower companies, technology is accelerating change across the region, as Middle Eastern countries rapidly advance their digital transformation strategies.

The rise of AI, particularly GenAI, along with national digitisation initiatives, has fueled a surge in demand for data centres. This demand reflects the need for substantial computational power and storage capacity to support the region's ambitions. The UAE has become a hub for data centre activities, with market leaders such as Khazna Data Centers and Gulf Data Hub commanding a significant share of the market. Recent dealmaking activities highlight this trend. For instance, KKR, a leading global investment firm, and Gulf Data Hub recently formed a strategic partnership to scale one of the Middle East's largest independent data centre platforms.

Recent dealmaking activities highlight this trend. For instance, Bayanat AI, an AI-powered geospatial solutions provider, acquired Al Yah Satellite Communication, UAE's flagship satellite solutions provider, for US$ 1.5bn. A deal that gave 54% and 46% ownership respectively to Bayanat shareholders and Yahsat shareholders, of the new entity.30 This highlights the region's growing appetite for technologies that drive digital transformation and automation. Similarly, the telecommunications sector is witnessing increased activity. UAE-based Rowad's US$ 250mn acquisition of Uganda Telecommunications, securing a 60% ownership stake, also highlights the region's focus on expanding its digital footprint and influence beyond its borders.

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The Middle East's M&A landscape is being reshaped by a bold push into AI and advanced technologies. The region's strong appetite for technology adoption and innovation has attracted global tech firms, venture capital and private equity players - eager to tap into its rapidly evolving deep tech ecosystem.
As the Middle East strengthens its position as a hub for high-value transactions, foreign investors are capitalising on major infrastructure projects and energy initiatives, and we are witnessing increasing global private equity investor interest in big-ticket transactions.

"

Zubin Chiba
Corporate Finance Leader
PwC Middle East

Industrial Manufacturing and Automotive (IMA)

In 2024, industrial deals dominated the Middle Eastern M&A market, with 110 transactions - the highest across all sectors. One notable transaction was ADNOC's US$3.6 billion acquisition of OCI's 50% + 1 share stake in Fertiglobe, a leading ammonia and urea producer, raising ADNOC's shareholding in Fertiglobe to 86.2%. This move reflects the shift towards a growing demand for low-carbon ammonia, driven by global decarbonisation efforts and further reinforces the UAE's commitment to sustainability.

The region's T&L sector is also evolving, turning towards the adoption of electric vehicles (EVs) and investments in EV infrastructure to drive lower carbon emissions. M&A activity in this space has been characterised by partnerships between regional and global players aimed at accelerating the development of EV supply chains and manufacturing capabilities. The UAE, Saudi Arabia and Qatar are among the front runners in this space with the UAE aiming to have electric and hybrid vehicles account for 50% of all vehicles on its roads by 2050. Qatar aims to convert all public transport vehicles to electric by 2030 in line with the Qatar National Vision 2030. Saudi Arabia, in turn, plans to electrify 30% of all vehicles in Riyadh by 2030, as part of a broader plan to cut emissions in the capital by 50%.[31]

As part of its ambitious strategies and significant investments in this space, the region has also invested US$2.4 billion in global AI-related climate tech in 2024, nearly 2.5 times the US$969 million invested in 2023, as reported in PwC's 2024 Middle East Climate Tech report. Autonomous vehicles dominated AI-related investments, accounting for US$2.3 billion (96%) of the total AI funding in 2024 - a significant rise from US$800 million (82%) in 2023. Notably, the region's US$2.2 billion investment in Nio in 2024 marks the largest contribution to autonomous vehicles within the AI-driven smart mobility segment. In the region, the UAE plans to establish a state-of-the-art research and development (R&D) centre in Abu Dhabi to focus on autonomous driving and artificial intelligence advancements and CYVN Holdings' partnership with Nio supports this regional agenda

In line with this trend, Saudi Arabia's PIF made headlines in 2024 with its US$1.5bn investment commitment in Lucid Motors, a leading electric vehicle manufacturer- a clear step towards establishing Saudi Arabia as a leader in the electric vehicle space[32]

As the region accelerates its shift towards greener mobility, innovative approaches and commitment to sustainability will significantly influence the future of the transport and logistics industry in the Middle East.

Healthcare

Despite the 2024 challenges of high capital costs and increased regulatory scrutiny, the healthcare and life sciences sector in the Middle East demonstrated resilience, with deal volumes remaining consistent with 2023 levels. The region's efforts to enhance medical infrastructure, adopt digital health solutions and focus on personalised care continue to drive M&A activity.

Meanwhile, there is sustained interest from private capital in healthcare opportunities across the region. Private equity firms, such as the Gulf Islamic Investments LLC (GII), in 2024, invested US$160mn in Saudi Arabia's Abeer Medical Company, acquiring a minority stake to support the healthcare provider's expansion into new cities. This is in line with the Kingdom's plans to attract and boost private sector participation in the healthcare sector. Investors are also increasingly interested in innovative opportunities across the healthcare ecosystem, such as Dubai-based TVM Capital's investment into San Diego–based Human Longevity Inc., a research-driven genomics and wellness company focused on early disease detection and prevention and healthy aging, with the ambition to expand this offering to KSA.

As trading multiples remain attractive, privately held healthcare groups continue to explore IPOs for capital injection and exit opportunities. FY24 saw two notable IPOs, with Fakeeh Care and Al Moosa Group, two major players in KSA's healthcare sector, conducting offerings this past year.

Moreover, SWFs participation in this space also remains evident with, Mubadala-backed KELIX Bio, acquiring for an undisclosed amount, a 100% stake in four pharmaceutical assets of GlobalOne Healthcare Holding (GHH). This comes after Mubadala acquired KELIX Bio in March 2024. The new asset acquisitions of GHH include Bioventure, Bioventure Healthcare, Gulf Inject, and Wellpharma. This move is expected to consolidate Mubadala's presence in the life sciences ecosystem, further highlighting the sector's appeal to investors.

Going forward, we can expect continued deal activity, as regulatory frameworks keep evolving and the push for privatisation efforts advance.

Consumer markets

The consumer M&A market's post-pandemic recovery faced renewed challenges in early 2024, with sticky inflation and rising interest rates dampening sentiment. These headwinds contributed to a 11% drop in deal volumes compared to 2023. However, compared to other sectors, it outperformed, with retail, hospitality and leisure, and consumer goods recorded the highest deal volumes, showcasing areas of resilience amidst broader economic pressures. The Middle East is witnessing a surge in international investor interest in the retail and consumer sector, driven by a combination of strong economic fundamentals and evolving consumer behaviours. Two key highlights include US-based TJX Companies US$360m investment for a 35% stake in UAE's Brands For Less and Huda Beauty's recent sale of its stake in Kayali (a UAE based fragrance company) to US growth equity firm General Atlantic.

Tourism recovery continues to play a vital role in driving deal activity in the region, exemplified by Dubai's 7.4% surge in international visitors from January to August 2024, totalling 11.93 million - a clear indicator of regional vibrancy.[33] This trend not only positively affected the hospitality subsector but also, the food and beverage subsector.

Financial services

As inflation moderates, central banks, including the US Federal Reserve, have cut rates, but the pace has slowed. With rising long-term rates in the US, securing attractive returns and refinancing may become more challenging.

However, the financial services (FS) sector in the Middle East continued to see robust activity in 2024, with asset and wealth management and banking and capital markets leading in deal volumes.

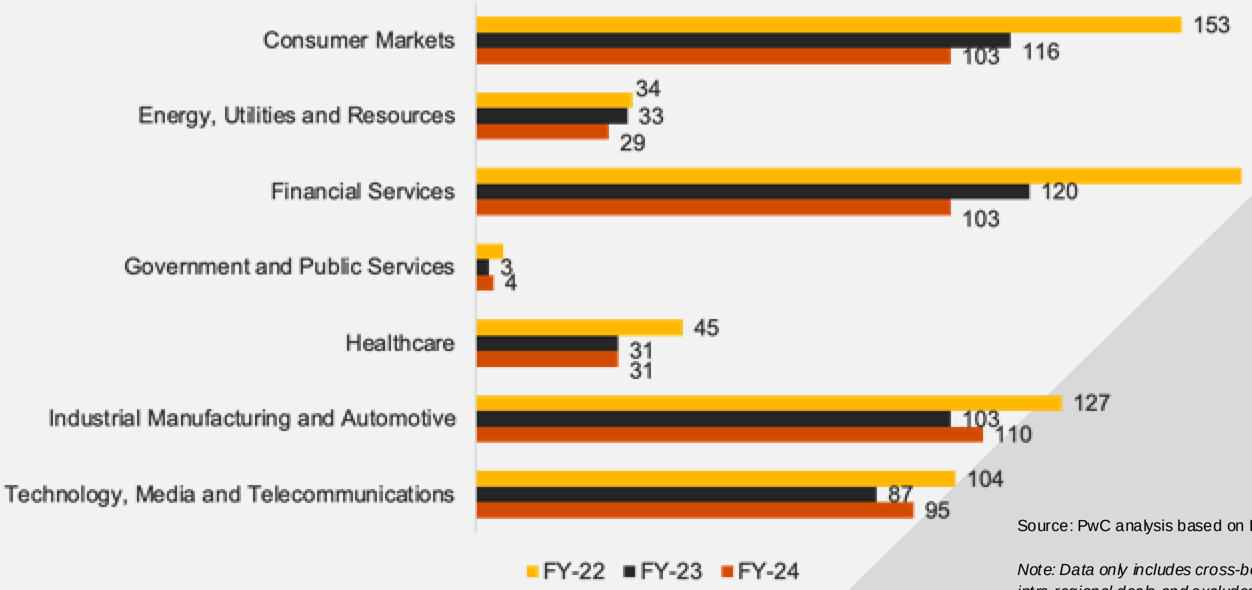
The FS has also seen strategic investments aimed at expanding regional influence and integrating advanced technologies. As part of our PwC's 28th Annual Global CEO Survey, financial services in the Middle East are embracing AI and GenAI to increase efficiency, security and enhance the customer experience, with 88% of financial services CEOs in the region already adopting GenAI in the past 12 months, and many CEOs planning to further embed it over the next three years.

This rapid adoption underscores the sector's commitment to reinvent their business models and adapt to emerging technology and changing consumer demand. More than half of the FS CEOs we surveyed in the region indicated that their company would be economically viable in 10 years or less if it remains on its current path.

One of the standout transactions of the year was Agility Global PLC's US$ 2.6bn distribution of 49% as dividends to shareholders, underscoring the scale and ambition driving deals in the region.[34] Additionally, ADQ and Bank Audi, one of Lebanon's leading banks, acquired 96% of Odea Bank.[35] Other notable transactions included Burgan Bank's December 2024 announcement of final approval from the Central Bank of Kuwait (CBK) to acquire a 100% stake in United Gulf Bank (UGB), a Bahrain-based conventional wholesale bank, for US$ 190mn.[36] The transaction is expected to be finalised during the first quarter of 2025.

In 2025, a notable trend expected to persist is the refining of corporate portfolios as companies look to fill capability gaps and divest non-core or low-growth assets. In the FS sector, large banks have been separating themselves from non-core business, either through spin-offs or sales. Recent examples include Mashreq's bank stake sale in NeoPay to Arcapita and Dgpay. Similarly, the Kuwait lender, Kuwait Finance House (KFH) divested its 18.18% stake in Sharjah Islamic Bank for US$ 351.2mn, selling to the Sharjah Social Security Fund.[37] These deals reflect the general strategic focus on divestiture, regional expansion, and portfolio optimisation within the Middle East's financial services sector.

Figure 4: Middle East Deal Volumes by Sector (FY-2022 to FY-2024)



Source: PwC analysis based on LSEG Refinitv data

Note: Data only includes cross-border inbound deals and intra-regional deals and excludes outbound cross-border transactions.

The outlook: Reinventing growth with bolder deals and bigger bets

Findings from our 28th Annual CEO Survey: Middle East reveal that more than half of regional business leaders plan to make an acquisition in the next three years, highlighting a strong appetite for dealmaking. To thrive in this dynamic M&A landscape, dealmakers can align with emerging market trends. As AI and digital transformation continue to reshape industries, dealmaking in this sector offers businesses a powerful opportunity to gain a competitive edge, accelerate innovation and unlock high-growth potential.

Sustainability must also be central to dealmaking in the Middle East, as governments and investors increasingly prioritise ESG initiatives, renewable energy projects and carbon reduction commitments. Green investments and ESG-aligned acquisitions that support national sustainability goals - such as Saudi Vision 2030 and the UAE’s Net Zero 2050 strategy - should remain a key focus to ensure long-term value creation.

As global megadeals gain momentum, capitalising on large-scale transactions that align with regional growth ambitions is more critical than ever. These deals not only expand the global footprint of Middle Eastern players but also drive sectoral transformation at home. The region's resilience and ongoing transformation have attracted significant interest from global institutional investors and private equity firms. This influx of capital is driving a more mature investment landscape and unlocking new opportunities for strategic collaborations.

To fully capitalise on the region’s dealmaking momentum, strategic partnerships, resilient financial structuring and forward-thinking investments will be essential. While potential wildcards, such as geopolitics and higher interest rates remain, the continued creation of new sectors and sustained investment in high-growth areas should provide globally- minded corporations with compelling incentives to invest in the region. These factors will empower dealmakers to unlock significant growth opportunities in 2025 and beyond.

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Contact us:

UAE

Romil Radia
Deals Markets Leader
PwC Middle East
romil.s.radia@pwc.com

Zubin Chiba
Corporate Finance Leader
PwC Middle East
zubin.chiba@pwc.com

Antoine Abou Mansour
Deals Leader
PwC Middle East
antoine.aboumansour@pwc.com

Egypt

Maye Ayoub
Advisory Partner
PwC Middle East
maye.ayoub@pwc.com

KSA

Imad Matar
Transaction Services Leader
PwC Middle East
imad.matar@pwc.com

Qatar

Kamal Fayed
Deals Advisory Partner
PwC Middle East
kamal.fayed@pwc.com