



GCC Capital Markets Watch 2020

Year in Review ‘in-brief’

2020 Initial Public Offerings overview

A more varied split by industry for top GCC sectors throughout 2020, compared with last year's clear energy lead due to Saudi Aramco's record breaking listing

Top 3 GCC IPOs in 2020 by proceeds

1	2	3
Dr Sulaiman Al-Habib Medical Services Group Company Exchange: Tadawul Industry: Health Industries Money raised: USD 700m	BinDawood Holding Co Exchange: Tadawul Industry: Consumer Markets Money raised: USD 585m	Shamal Az-Zour Al-Oula Power & Water Company K.S.C.P Exchange: Boursa Kuwait Industry: EUR Money raised: USD 177m

Top 3 GCC sectors for 2020 IPOs

1	2	3
Healthcare 43% of total 2020 proceeds	Consumer Markets 36% of total 2020 proceeds	Financial Services 11% of total 2020 proceeds

Top 3 global IPOs in 2020 by proceeds

1	2	3
Beijing- Shanghai High Speed Railway Co Ltd Exchange: Shanghai SE Industry: Consumer Services Money raised: USD 4.4bn	Pershing Square Tontine Holdings Ltd Exchange: NYSE Industry: Financials Money raised: USD 4.0bn	JD Health International Inc Exchange: HKEX Industry: Consumer Services Money raised: USD 4.0bn

7 IPOs

in the GCC in 2020, raising
USD 1.6 billion

86%

of total GCC proceeds
raised during 2020 was on
Tadawul, with 57% of the
overall number of listings

USD 18.4bn

worth of sukuk and bonds
were listed on Nasdaq
Dubai in 2020

2020 was a year of two extremes. Markets hit all-time highs in the new year on hopes of better US/China trade relations and strong earnings momentum from 2019, only to be interrupted by the speedy escalation of the global pandemic.

The resulting uncertainties and the severity of the associated lockdowns led to one of the worst market crashes in recent years. However, the equity market recovered quickly due to government support and significant stimulus measures globally. By December, the conclusion of the US presidential election and the approval of multiple vaccines against COVID-19 also contributed to new all-time highs in a number of major global equity market indices.

Now that we have transitioned to a 'new normal' characterised by uncertainties, GCC IPOs have resumed albeit with limited activity. In contrast, the debt market has been highly active and we expect the debt market activity to continue in the near future.

Despite the uncertainties experienced in 2020 due to the pandemic, GCC witnessed 7 IPOs totalling USD 1.6 billion in proceeds. Tadawul continued to be the most active GCC stock market in 2020 contributing 86% of the total proceeds raised and 57% of the number of listings.

Fall in economic growth rates and oil prices led to an extremely active debt market throughout the year with a number of GCC governments issuing multi billion sovereign debt. Nasdaq Dubai experienced record sukuk and bond listings worth USD 18.4 billion during the year.



Mohamed ElBorno

Partner

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2020 initiatives

During the year, initiatives were taken in the Kingdom of Saudi Arabia and United Arab Emirates to facilitate capital market activities on their respective stock exchanges

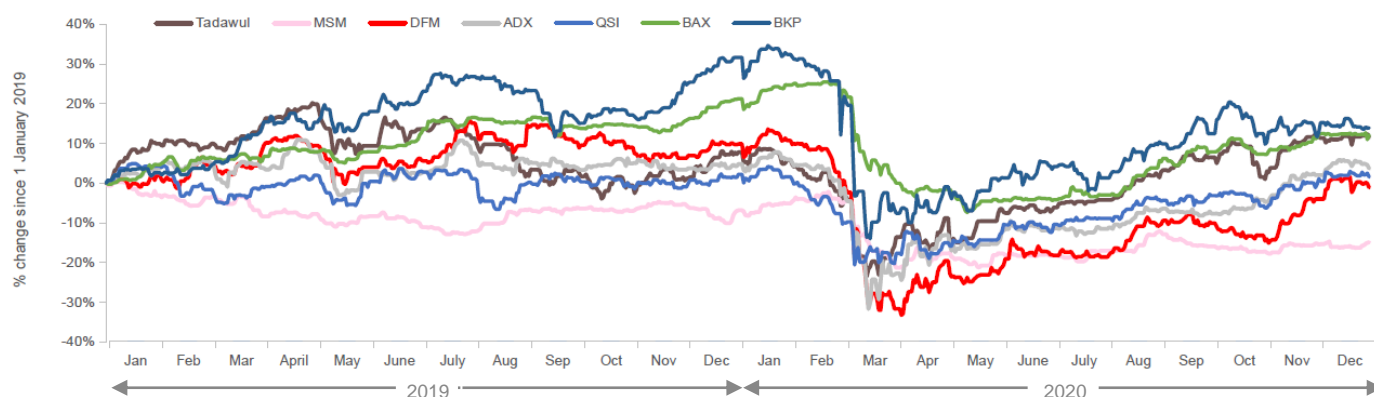
These included:

- Tadawul launched its first Derivative Market in Q3 to gain access to a broader spectrum of local and international investors.
- Saudi Arabia's Capital Market Authority approved the direct listing of Saudi White Cement Company on the Nomu Parallel Market, enabling Tadawul to become the first GCC exchange to allow direct listings, i.e. listings of shares without an offering, with the advantage of less time, cost and effort for entrants.
- Nasdaq Dubai launched a Growth Market aimed at small and medium-sized companies. It has more relaxed requirements compared to the main board, providing more flexible options to raise capital through IPO.
- Nasdaq Dubai also signed a cooperation agreement with Hong Kong based Zhongtai Financial International and Beijing Tian Tai Law Firm to encourage and support Chinese companies to list on the exchange.



2020 performance

GCC equity markets performance by cumulative total return since 1 January 2019



H2 2020 - GCC detailed review

Overview

It is encouraging to see some GCC IPO activities after a pause in Q2. In the past, Q3s had typically been the quiet quarter. Q3 2020, however, had benefited from the buildup of a backlog over Q2 2020 driven by COVID-19's impact worldwide, resulting in 3 IPOs across two GCC countries, raising USD 325 million compared to USD 93 million in Q3 2019, an increase of 249%. Two of these IPOs were on the Boursa Kuwait: Boursa Kuwait Securities Company (K.P.S.C.) raised USD 32 million whilst Shamal Az-Zour Al-Oula Power and Water Company (K.S.C.P) raised USD 177 million. The third IPO was listed on Tadawul in the Kingdom of Saudi Arabia: Amlak International for Real Estate Finance Co. raised USD 116 million.

During Q3, 2020 there was also a takeover by Oman Arab Bank of Alizz Islamic Bank, which resulted in a delisting of the target and a relisting of the enlarged group on Oman's Muscat Securities Market.

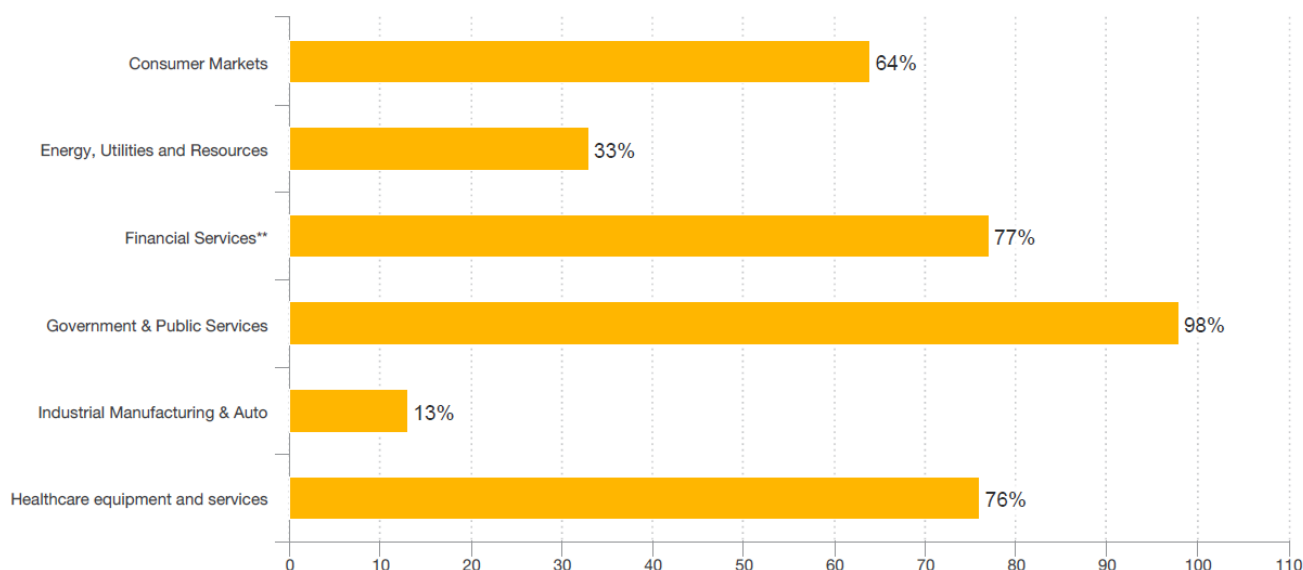
Q4 2020 experienced only 1 IPO on Tadawul with proceeds of USD 585 million compared to 4 IPOs with proceeds of USD 26 billion across multiple GCC stock markets in Q4 2019. Excluding the impact of the IPO of Saudi Aramco, the proceeds raised in Q4 2020 were in line with the prior year.

In UAE, Abu Dhabi Securities Exchange's Second Market - Parallel was a popular choice during H2 with four listings raising proceeds totalling USD 90 million. The Second Market - Parallel allows investors to trade securities of private companies.

As GCC economies are dependent on oil revenue, as expected, reduction in oil price prompted sovereign treasurers to inject funds into the local economies through debt financing resulting in 6 sovereign issuances in the second half of the year from the Kingdom of Saudi Arabia, the Emirate of Abu Dhabi, the Emirate of Dubai, the Emirate of Sharjah, the Kingdom of Bahrain and the Sultanate of Oman. The Kingdom of Saudi Arabia issued USD 9.98 billion worth of sukuk and the Emirate of Abu Dhabi issued a bond worth USD 5 billion. The Department of Finance (DOF) representing the Government of Dubai, listed a 10-year Islamic Sukuk worth USD 1 billion at a coupon rate of 2.76% and thirty-year government bonds of USD 1 billion at a coupon rate of 4%.

This period also witnessed some sizable corporate issuances including the USD 1.5 billion sukuk by DP World in July 2020. This represents the largest outstanding emerging markets US dollar corporate subordinated hybrid, the largest hybrid Sukuk offering, and is DP World's inaugural perpetual issuance. DP World's debt listings now total over USD 10 billion on Nasdaq Dubai. In addition, China Construction Bank listed two green bonds on Nasdaq Dubai totalling USD 1.2 billion to support its efforts to combat climate change. Dubai Islamic Bank issued a USD 1 billion Additional Tier 1 ("AT1") Sukuk on Nasdaq Dubai at a yield of 4.625%, the lowest yield ever for a bank on an AT1 sukuk.

Share price performance of 2018, 2019 & 2020 GCC IPOs* by sector, relative to the respective all share index, from the IPO date to 31 December 2020



Source: Eikon (Thomson Reuters), PwC Analysis

* The IPOs of Integrated Holding Co KCSC, National Building and Marketing, Al Nefae Umm Alqura REIT, Al Moammar Information System Company and Sprinkle Holding BSC have been excluded due to insufficient data.

** The increase in the Financial Services sector is mainly contributed by an increase of 997% in the share price of Boursa Kuwait Securities Company (K.P.S.C.). If Boursa Kuwait Securities Company (K.P.S.C.) is excluded, the increase would be 11%.

How PwC can help you

At PwC, we understand that good preparation is essential to a successful IPO and debt issuance. We have experience in a wide range of international, regional and domestic IPOs and debt issuances, and can provide expert guidance from initial planning, through to execution and beyond.

IPO and debt preparation

Our IPO and debt **Readiness Assessment** is an early stage diagnostic review of the critical areas needed for a successful issuance. We highlight where current processes, procedures, structures and practices fall short of the requirements for a company whose securities are to be publicly traded and provide recommendations on how to address these gaps.

IPO and debt execution

We work with issuers and their advisors to provide IPO and debt advisory and assurance services. This may include working capital reporting, financial due diligence, financial positions and prospects procedures assessment, assistance with MD&A drafting in relation to a prospectus, comfort letters and project management.

About PwC's GCC Capital Markets Watch

For the full comprehensive report and analysis with in depth data and more information, please visit our interactive Capital Markets Watch webpage: www.pwc.com/me/capital-markets-watch

GCC Capital Markets Watch surveys IPOs on GCC's principal stock exchanges and market segments as well as conventional bond and sukuk issuances on a quarterly basis. This survey was conducted between 1 July 2020 and 31 December 2020 and captures the relevant data based on their transaction date. GCC Capital Markets Watch is prepared by PwC Middle East (www.pwc.com/me). All market data is sourced from publicly available information and has not been independently verified by PwC.

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