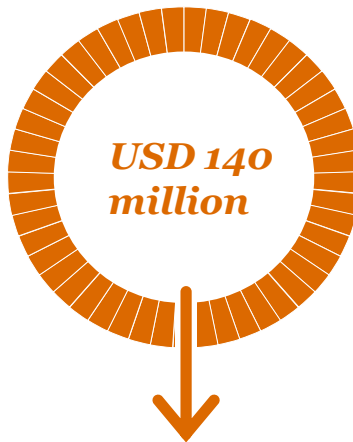


GCC Capital Markets Watch

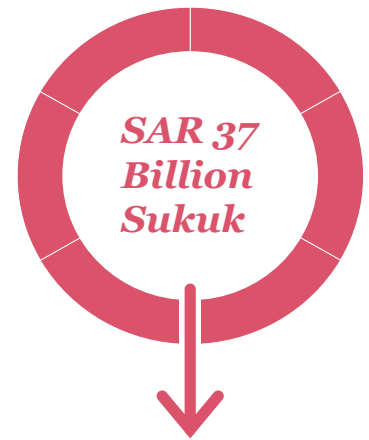
Q3 2017



...in Q3 2017 across GCC
(Q3 2016: nil, 100%
increase).



...raised in Q3 2017
across GCC
(Q3 2016: USD nil,
100% increase).



...raised in Q3 2017 by the
Kingdom of Saudi Arabia
through domestic Sukuk
issuances.

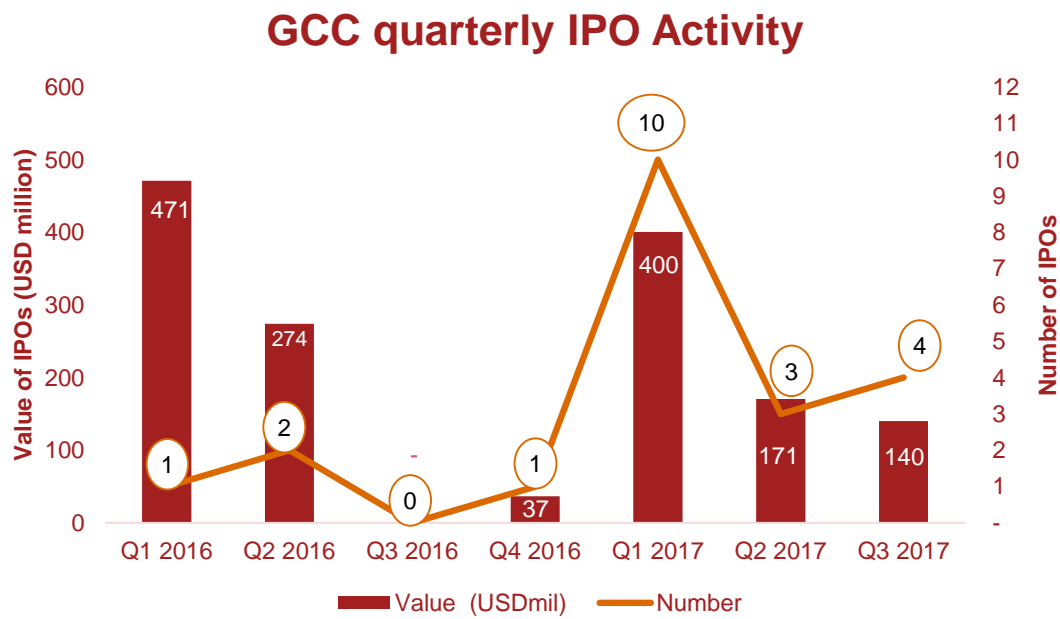
Initial Public Offerings (IPOs)

Overview

Q3 2017 witnessed a total of four IPOs in the Gulf Cooperation Council (“GCC”), which was a slight increase compared to the previous quarter (Q2 2017: 3). However, proceeds raised from Q3 2017 IPOs amounting to USD 140 million were lower by USD 31 million compared to Q2 2017 (USD 171 million).

Compared to the same period last year, Q3 2017 experienced a recovery as there were no IPOs in Q3 2016.

On a year to date (“YTD”) basis, 2017 has shown a significant increase in the number of IPOs with 17 offerings compared to four over the same period in 2016. However, proceeds raised during YTD 2017 were 4% lower compared to YTD 2016, despite the increased number of IPOs, which was mainly due to the low value of IPOs listed on the NOMU parallel market in 2017.



Steve Drake, Head of PwC’s Capital Markets and Accounting Advisory Services team in the Middle East said:

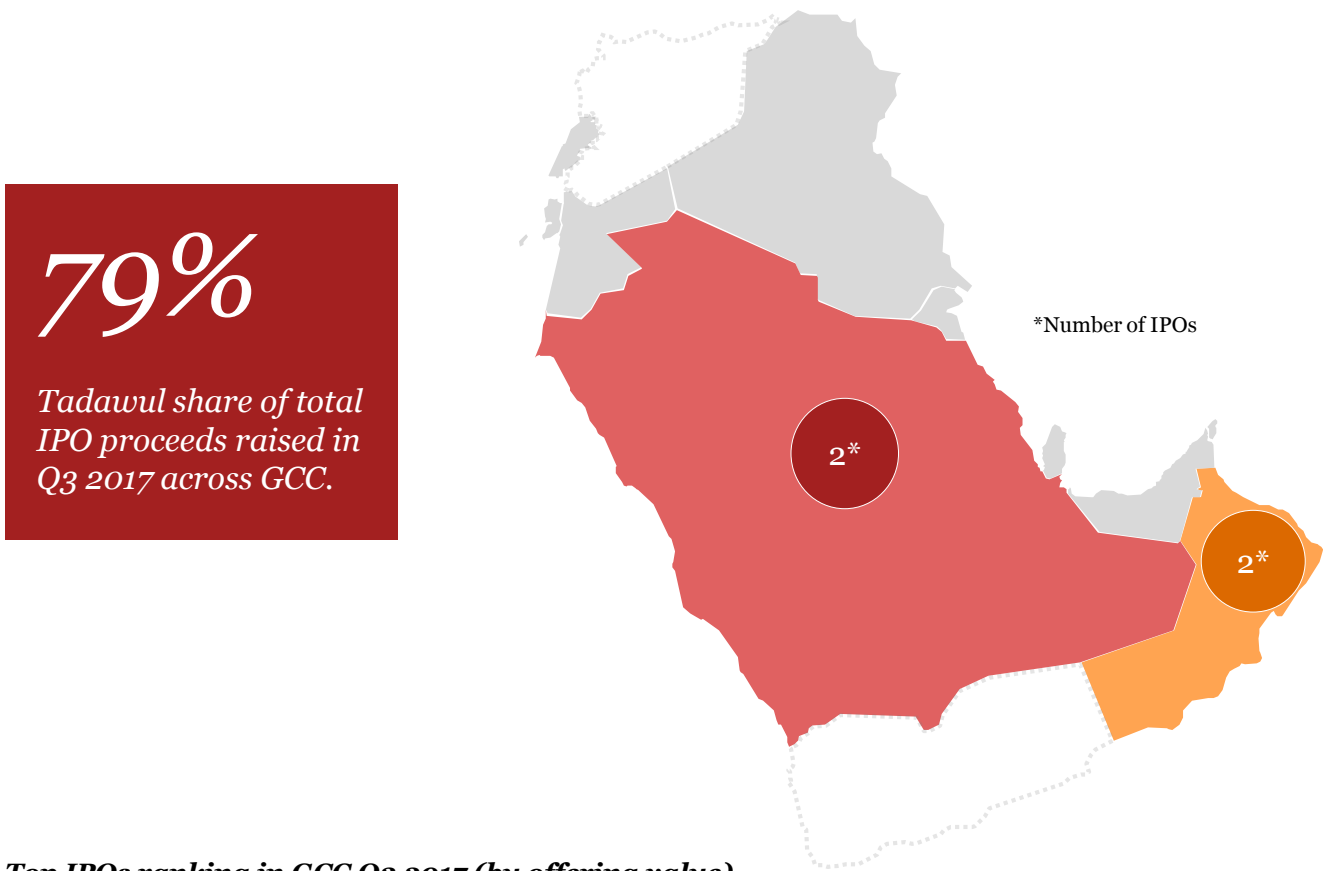
“GCC IPO market activity this quarter gained momentum representing a general improvement in market conditions and investor confidence in the region. We are seeing more and more companies engaging in IPO readiness activities, preparing themselves and getting ready for the right window. We expect to see companies go to market during 2018”.



Initial Public Offerings

Tadawul remained the dominant exchange in the GCC in terms of IPO proceeds, raising USD 110 million via two IPOs, comprising 79% of total IPO proceeds in Q3 2017. The largest IPO during the quarter was by Zahrat Al Waha Trading raising USD 61.2 million.

Muscat securities Market (“MSM”) witnessed its first IPOs since June 2015, raising USD 30 million via two IPOs, comprising 21% of total IPO proceeds in Q3 2017.



Top IPOs ranking in GCC Q3 2017 (by offering value)

1	Company: Sector: Offer value (USD): Stock Exchange: Shares offered:	Zahrat Al Waha Trading Industrial 61.2 million Tadawul 4.5 million	3	Company: Sector: Offer value (USD): Exchange: No. shares offered:	Al Ahlia Insurance Company SAOG Insurance 19.5 million MSM 25 million
2	Company: Sector: Offer value (USD): Exchange: No. shares offered:	Al Maather REIT Fund Real Estate 49.1 million Tadawul 18.411 million	4	Company: Sector: Offer value (USD): Exchange: No. shares offered:	Vision Insurance SAOG Insurance 10.5 million MSM 25 million

Initial Public Offerings

Global IPOs

With total proceeds of USD 47.1 billion via 329 IPOs, global IPO activity in Q3 2017 was 23% higher in terms of proceeds and 37% higher in terms of the number of IPOs, compared to Q3 2016.

Global IPO activity	2017 YTD	2016 YTD	Q3 2017	Q3 2016
<i>Number of IPOs</i>	1,065	640	329	240
<i>Money raised (billions)</i>	USD 139.1	USD 88.0	USD 47.1	USD 38.3
<i>Free float</i>	32.4%	32%	33.1%	32.1%

Source: "PWC ECM Briefing Q3 2017"

Low volatility coupled with high equity valuations created a favourable listing environment. The only significant source of risk emanated from the Korean peninsula. As political uncertainties in Europe have largely disappeared and tax reform is on the agenda in the US, the typically strong fourth quarter looks promising.

TOP Five Largest IPOS 2017 YTD	Exchange	Pricing date	Money raised (billions)	Free float
<i>Snap</i>	NYSE	1-Mar-17	USD 3.9	19.9%
<i>Pirelli & C</i>	Borsa Italiana	29-Sep-17	USD 2.7	5.0%
<i>Landis & Gyr</i>	SIX Swiss Exchange	21-Jul-17	USD 2.4	100.0%
<i>Netmarble Games</i>	Korea SE	21-Apr-17	USD 2.3	20%
<i>Altice USA</i>	NYSE	21-Jun-17	USD 2.2	9.7%

Source: "PWC ECM Briefing Q3 2017"

Despite a number of large IPOs in the second and third quarters, Snap remains the largest IPO of the year with proceeds of nearly USD 4 billion.

Bond and Sukuk markets

Another strong display by the GCC debt issuers, as investors' appetite for sovereign issuances remained relatively high, with KSA and the Kingdom of Bahrain amongst key sovereign issuers.

SAR 37.0 billion

total domestic sukuk issued by the KSA Ministry of Finance in Q3 2017.



KSA domestic Sukuk programme included three tranches: a SAR 16.525 billion five year tranche, a SAR 14.475 billion seven year tranche and a SAR 6.0 billion 10 year tranche. Further, the Kingdom of Bahrain raised a total of USD 3 billion, via a USD 2.150 billion international bond and a USD 850 international sukuk.

USD 2.3 billion

largest corporate bond issuance by a GCC based entity in Q3 2017



DAE Funding LLC a wholly-owned subsidiary of Dubai Aerospace Enterprise (DAE) Ltd, successfully issued a total USD 2.3 billion bond, which was split into three tranches: USD 500 million yielding 4.0% and maturing in 2020, USD 800 million yielding 4.5% and maturing in 2022, and USD 1.0 billion yielding 5% and maturing in 2024.

Steven Drake, Head of PwC's Capital Markets and Accounting Advisory Services team in the Middle East said:



"GCC governments continue to tap into both domestic and international debt markets, bolstering their budgets amid prolonged low oil prices. We are set for a busy end of the year, with both KSA and UAE governments expected to tap the debt market with their international bond sale of USD 12.5 billion and USD 10 billion, respectively."

Contact



Steve Drake

*Partner, Head of PwC's Capital Markets and
Accounting Advisory Services in the Middle East*

Direct: +971 (0) 4 304 3421

Mobile: +971 (0) 50 451 4661

Email: s.drake@pwc.com

About PwC's GCC Capital Markets Watch

GCC Capital Markets Watch surveys IPOs on GCC's principal stock exchanges and market segments in addition to conventional bonds and Sukuk issuance on a quarterly basis. This survey was conducted between 1 July 2017 and 30 September 2017 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 publically available information and has not been independently verified by PwC.