

The New Equation



pwc

Tuesday 23 April 4pm GST

Transforming our Region



Welcome

Stephen Anderson

Strategy Leader
PwC Middle East

01



Welcome

Stephen Anderson

Strategy Leader

PwC Middle East

**Middle East
Economy Watch**

Richard Boxshall

Chief Economist

PwC Middle East

**TransAct 2024
Middle East**

Zubin Chiba

Corporate Finance Leader

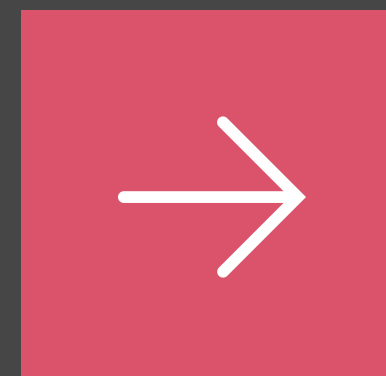
PwC Middle East

Arabian Gambit

Dr. Yahya Anouti

PwC Middle East Sustainability
Leader

PwC Middle East



Economy Watch

Middle East

Richard Boxshall

Chief Economist
PwC Middle East

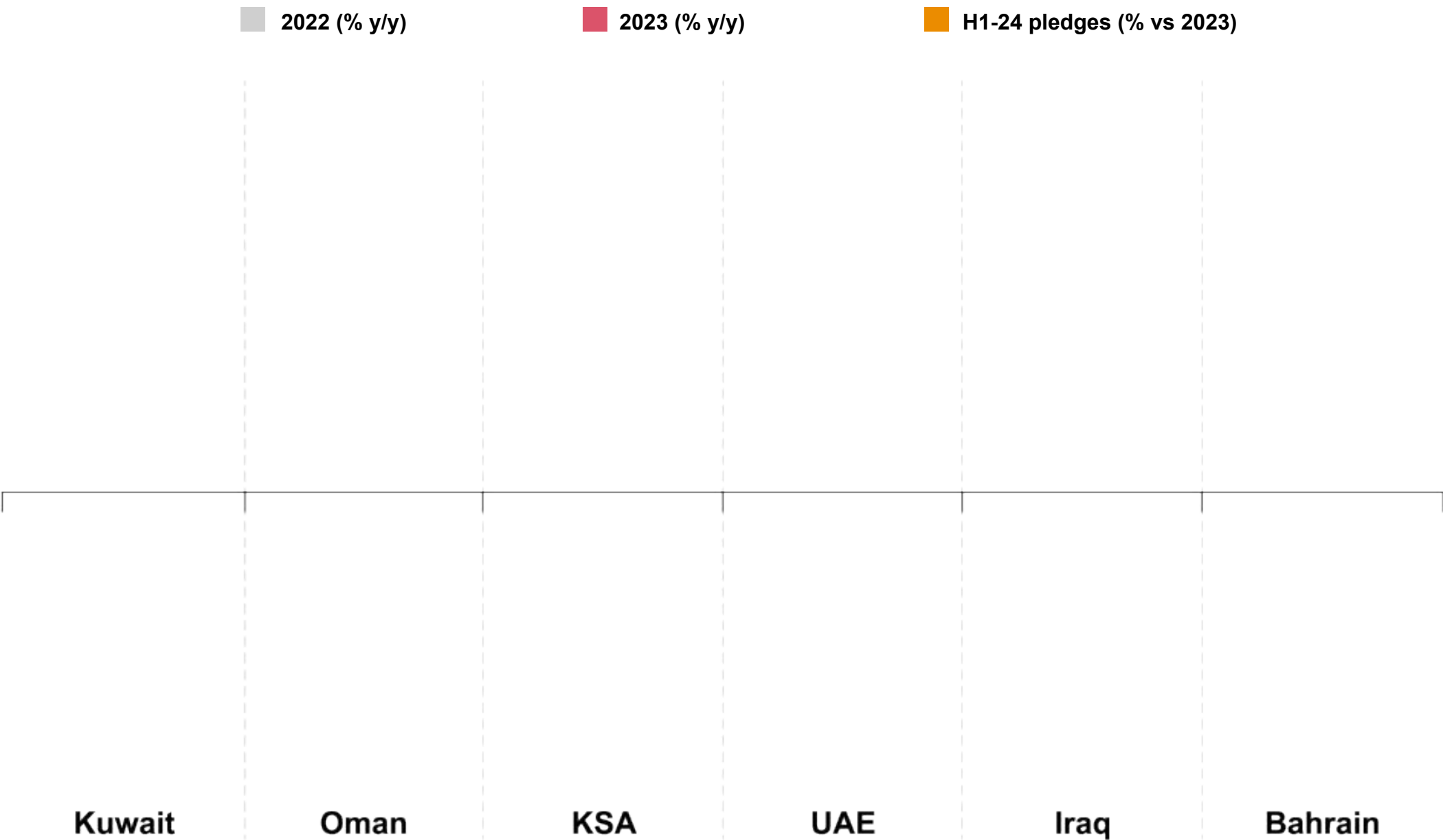
02



Economic Update

Oil cuts are extended as OPEC+ extends cuts into Q2

Oil production trends



- The pledged output levels in H1 2024 are **-7%** below the average 2023 production levels of KSA, Kuwait and Oman, bringing their output levels back to where they were in 2022, on average
- The UAE's quota is only **-1%** lower than the average output in 2023 due to its base quota (before voluntary cuts) received a small uplift this year

Sources: OPEC; 2022-23 production based on official figures

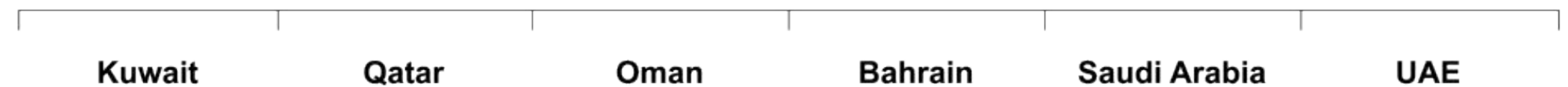
Economic Update

Non oil GDP remains robust with continued focus on diversification and development

Non-oil real GDP growth (% y/y)

■ 9M 2023a ■ 2023e ■ 2024f

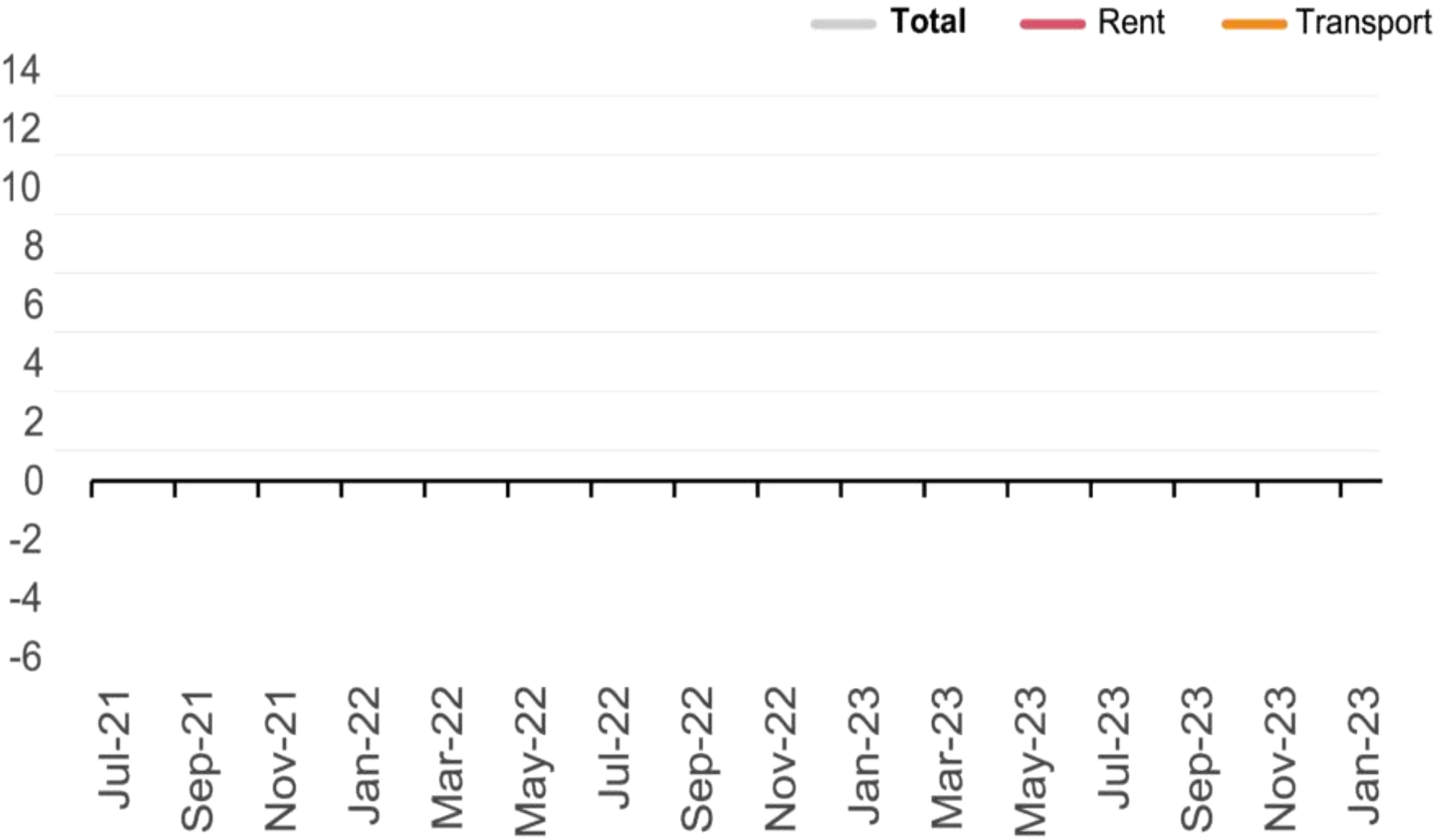
- The picture is mixed, but overall non-oil trends look robust
- Forecasts see non-oil growth averaging ~4% in the GCC this year, only slightly down from its estimate of 4.2% for 2023



Economic Update

GCC inflation eases but rents remain high

GCC inflation cools in the GCC



- Subsidies are one of the reasons why inflation in the GCC did not spike to the same heights seen in some other major economies
- Higher interest rates in the region during 2023 may have been a disinflationary factor, dampening demand for local goods and services, combined with the impact of easing global prices on imports

Sources: National sources, PwC analysis; UAE estimated from Dubai components from July 2023; composite series weighed by non-oil GDP.

Economic Update

The Red Sea crisis highlights the need for alternative trade routes

Trade routes to Europe from India via the Middle East



- As trade flows within and through the Middle East continue to increase, the impetus is to develop quicker, cheaper, greener and more secure trade corridors
- The plan for the India-Middle East-Europe Economic Corridor (IMEC) was announced at the G20 in Delhi in September 2023, signed by the US, EU, India, Saudi Arabia and the UAE

Economic Update

Green financing gathers pace across the GCC

- The green financing sector built momentum in 2023 - issuance of green bonds and sukuk in the Middle east more than doubled to **\$24bn**, the majority coming from the UAE and Saudi Arabia.
- The massive investment underway across the GCC in renewable energy, green hydrogen and other sustainable projects requires substantial amounts of financing, both debt and equity, which suggests that the sector will continue to grow in 2024 and beyond.

Green bonds and sukuk in GCC in 2023 (\$bn)



Sources: market and media reports

Read our latest Middle East Economy Watch in full



© 2024 PwC. All rights reserved.

Middle East Economy Watch

The regional economy remains robust, despite oil cuts and geopolitical turbulence



TransAct 2024

Middle East

Zubin Chiba

Corporate Finance Leader
PwC Middle East

03



TransAct 2024

Middle East

Strategic growth beyond oil: Economic diversification and decarbonisation expected to boost deal making in the region

Middle East M&A Deal volume



Key M&A highlights for 2023

01

447 deals closed, a decline of 30% on PY



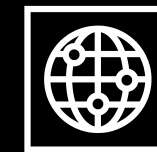
02

222 are cross border



03

Dominated by SWF/SOE, then Corporates, less on PE side - domestic but also outbound diversification



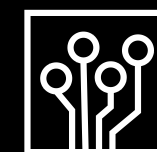
04

92% deal size less than USD100m; less than 2% are USD500m or more

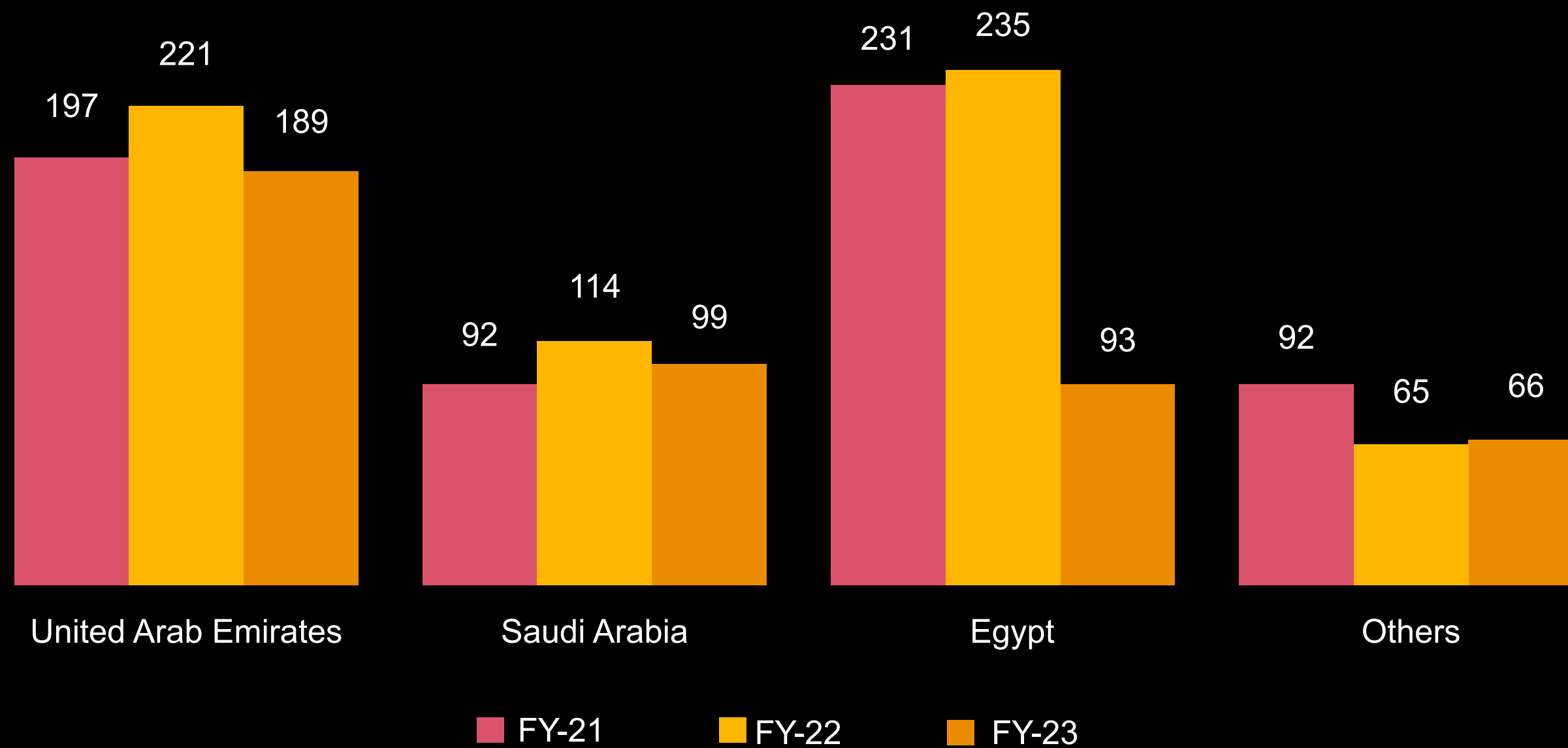


05

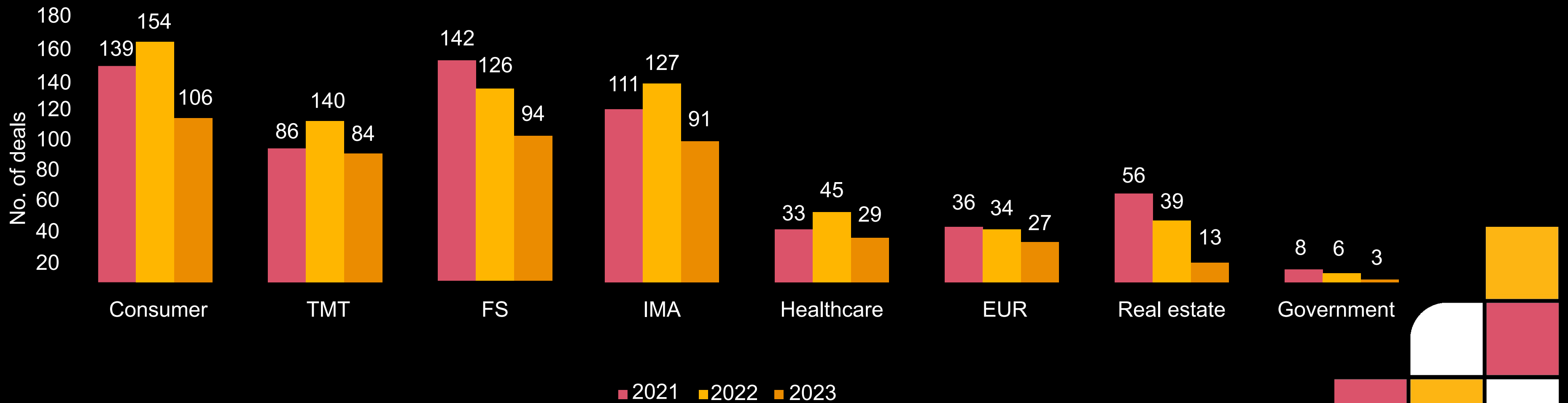
IPOs a strong alternative route for sellers - with 47 IPOs (36 in KSA) raising USD 10.7bn in 2023



Middle East M&A country analysis



Middle East M&A sector analysis



Our recent Middle East M&A experience focuses on a large number of bilateral regional deals

Number of deals by industry



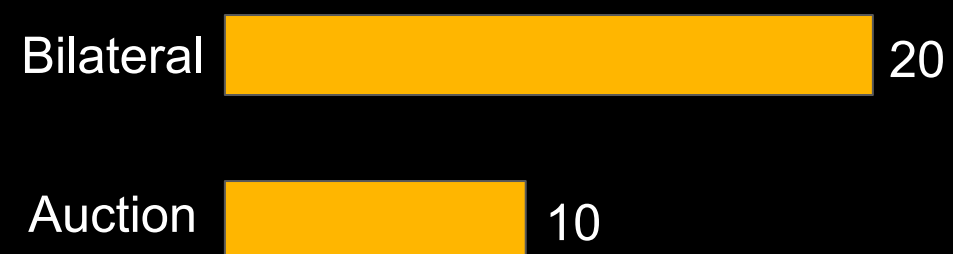
Number of deals closed

30
In the past 30 months

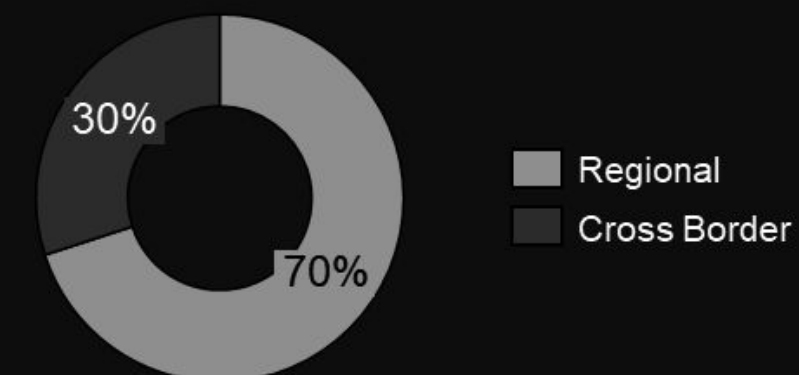
Type of Buyer

80% Strategic Buyers
20% Financial Buyers

Process Type



Geography



Our current M&A pipeline features consumer markets & TMT and the rise of public sector deals

Number of deals by industry



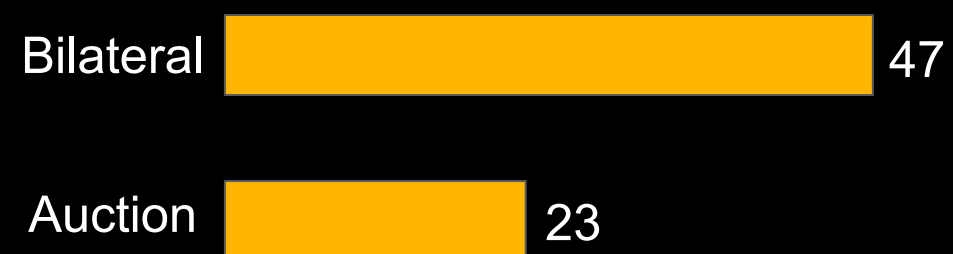
Number of instances

70

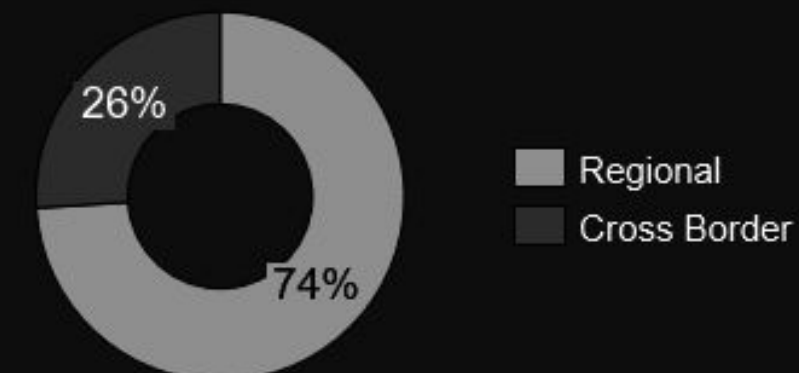
Type of Buyer

81% Strategic Buyers
19% Financial Buyers

Process Type



Geography



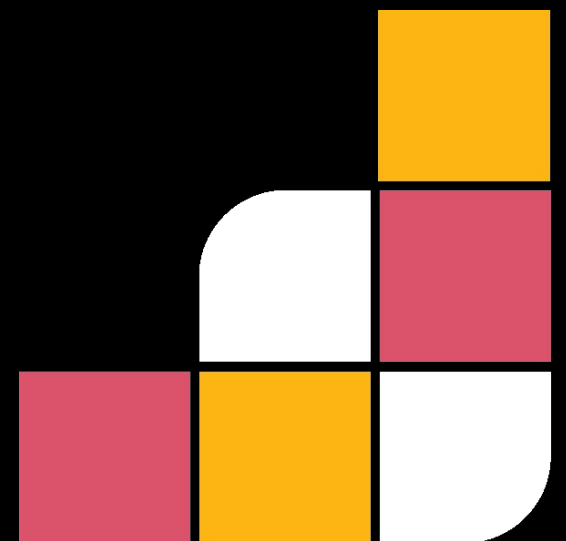
Key M&A themes for 2024

- 01** Economic diversification propels M&A growth, as private sector gains in prominence
- 02** Localisation agenda at the core of regional reforms
- 03** Net zero targets accelerate search for green deals
- 04** Digital transformation competencies a key priority for deal making
- 05** Mid-market deals dominate as investors focus on value creation

Read the latest TransAct Middle East report



Strategic growth beyond oil:
Economic diversification and
decarbonisation expected to
boost deal making in the
region



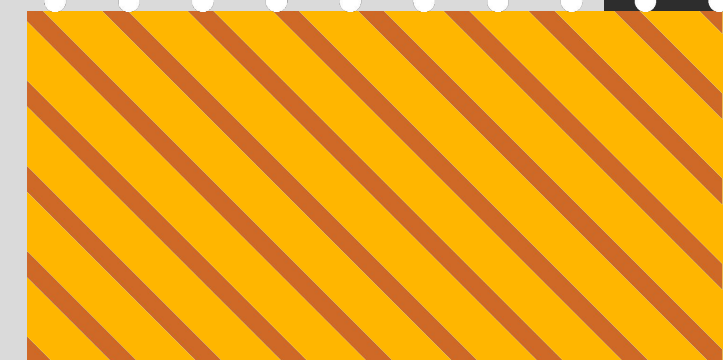
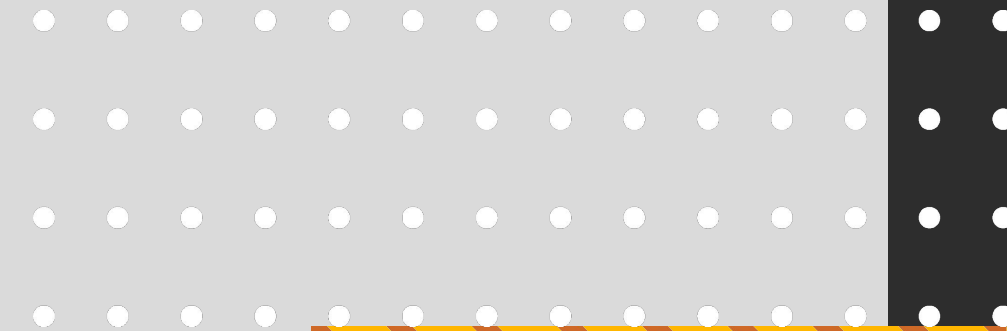
Arabian Gambit

Dr. Yahya Anouti

PwC Middle East Sustainability Leader

PwC Middle East

03



Arabian Gambit

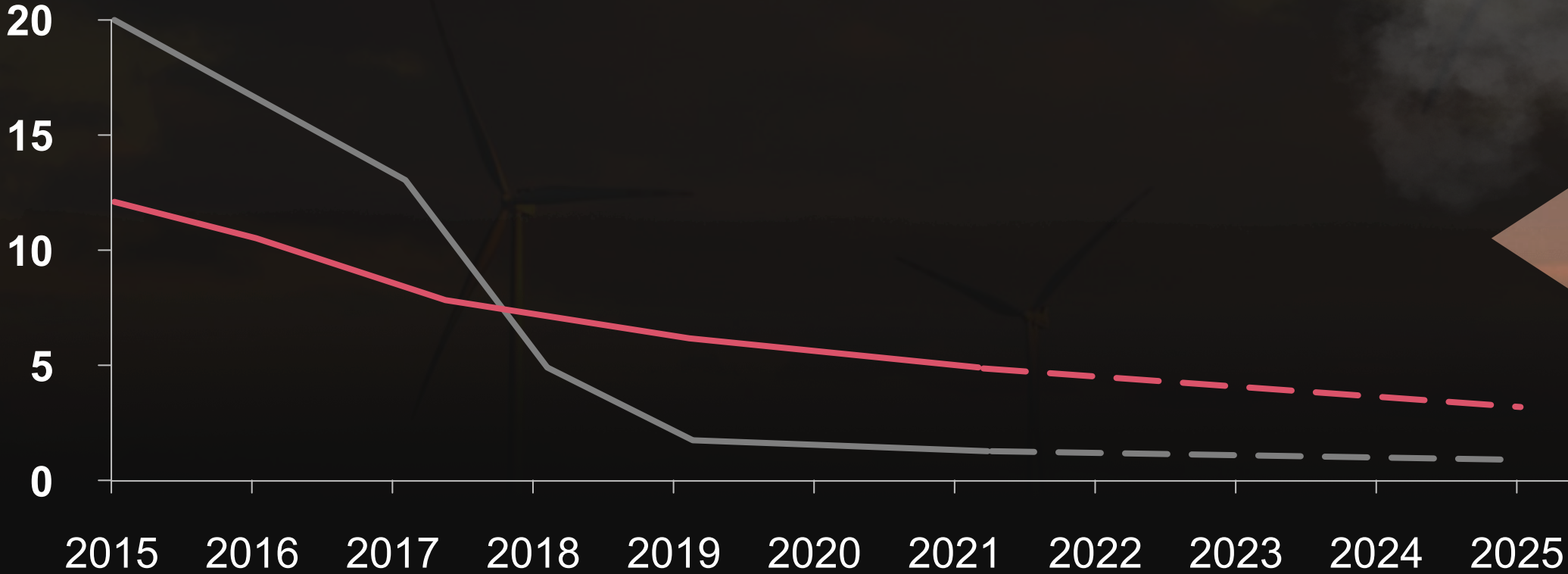
THE PATH TO LEADERSHIP IN A SHIFTING
GLOBAL ENERGY LANDSCAPE

SHIHAB ELBORAI AND YAHYA ANOUTI



The region produces the lowest-cost renewable energy in the world

Levelized cost of energy
(2021 US cents/kWh)



Global actual

Global projected

MENA actual

MENA projected

Solar projects LCOE overview



Hydrogen



**Carbon-free
manufacturing**



**Recycling
plastics**



**Energy to
food**

Book chapters

Chapters

Foreword

Preface

01

Becoming the global green energy superpower

02

Building a haven of clean hydrogen

03

Ushering in a new era of carbon-free manufacturing

04

Moulding the future plastics economy

05

Feeding the world sustainably

06

Harnessing the forces of change

**Revitalizing relationships for the Clean Energy Souk --- is
Reflections on Arabian Gambit from the King Abdullah
Petroleum Studies and Research Center**

Special report

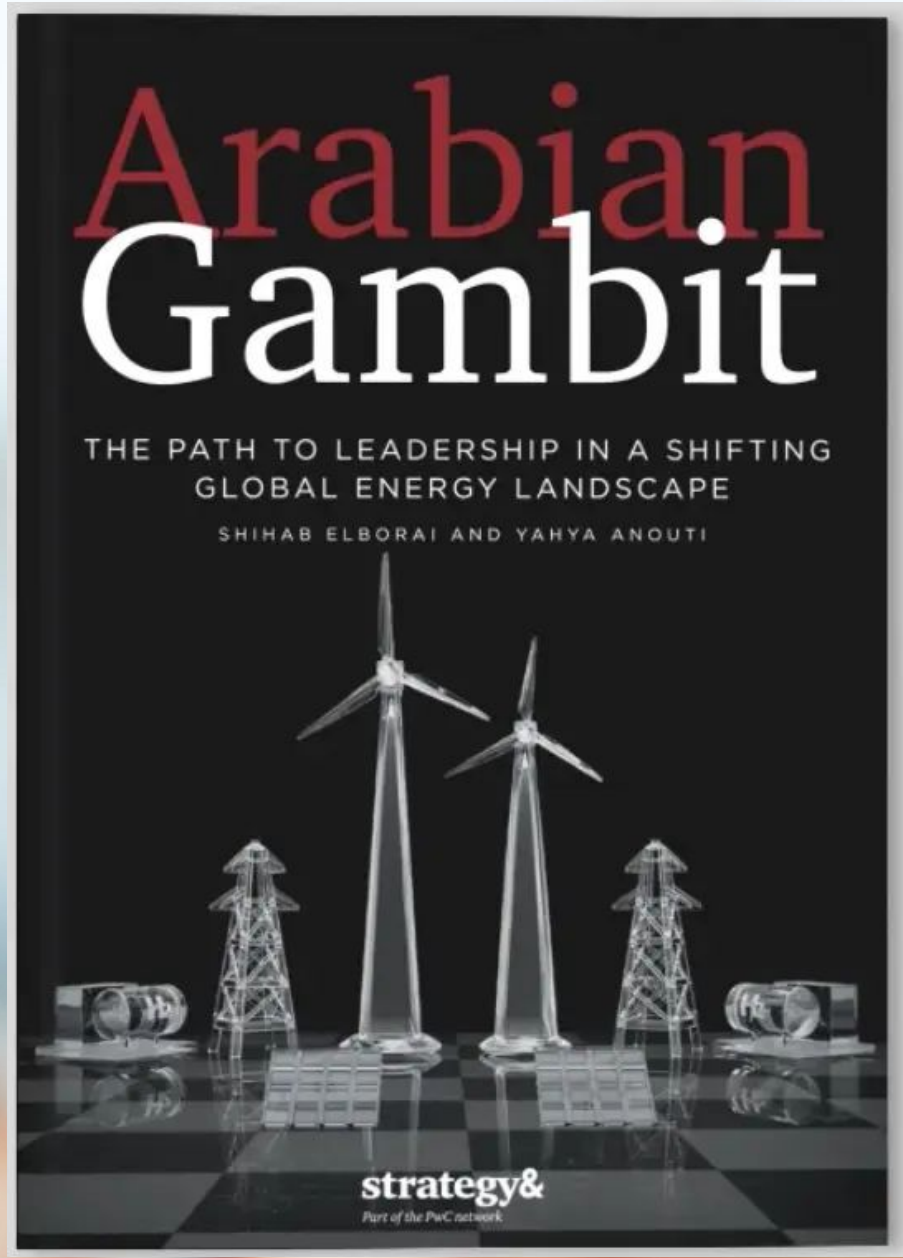
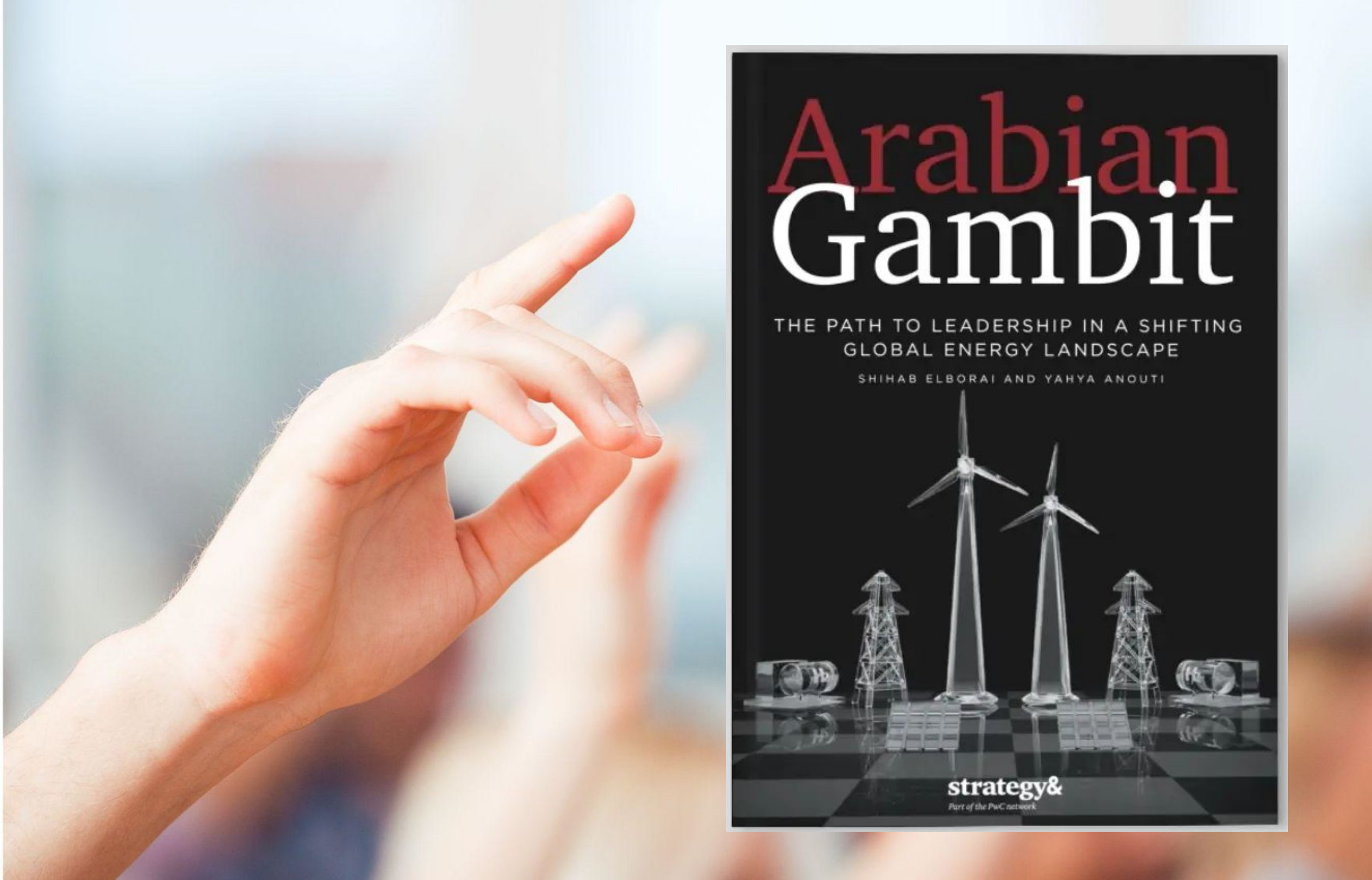


About the
Authors



Adam Sieminski

the senior adviser to the
board of trustees of the King
Abdullah Petroleum Studies
and Research Center



Register to receive
your e-book copy





Q&A





Thank you

