



LUMINA

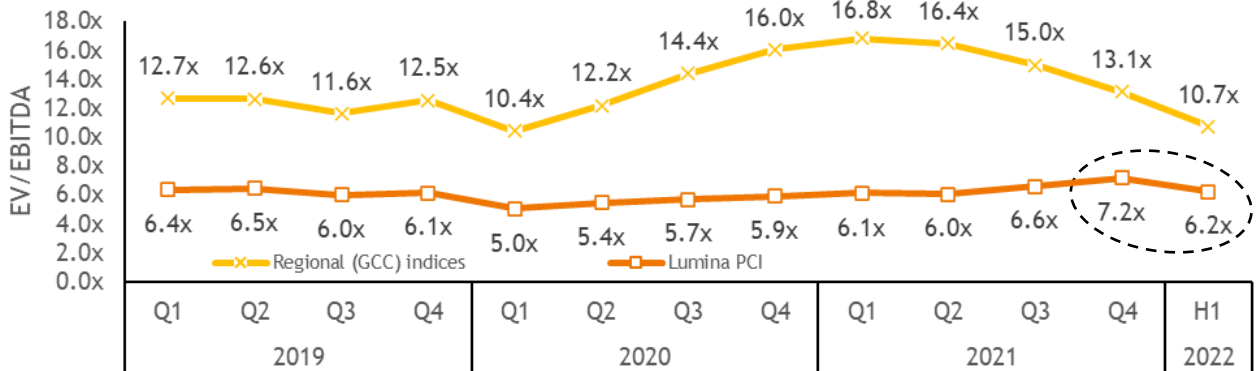
LPCI

Q2 2022

# LUMINA PRIVATE COMPANY INDEX (“LPCI”)

The first private company M&A index covering the GCC.

The LPCI tracks private company M&A transaction multiples across a broad range of sectors in the GCC. The index contains average pricing multiples\* from proprietary transactions on which LUMINA has advised, together with publicly available information on other private transactions in the market. The GCC Indices comprise average valuation multiples of the GCC public exchanges weighted by their respective market capitalisations.



Sources: LUMINA transactions, Bloomberg, Pitchbook

Note: \*Excludes Technology deals.



## Tech slowdown showing signs of risk re-pricing - Tech M&A to benefit

The Q2 2022 LPCI decreased to 6.2x reflecting a significant repricing of deal valuations, driven by increased risk associated with global economic slowdowns, inflation and refinancing risk associated particularly with the technology sector.

Certain sub sectors such as Fin-Tech, Ed-Tech and Med-Tech continue to attract selective capital, but the theme of the day is M&A, with cash rich conglomerates snapping up tech at rebased prices.

Lumina is also advising on its - and perhaps the region's - first deal involving a leading global Metaverse creator. Likely a precursor to future growth in the meta-space.



## SWFs capitalizing on outbound opportunities into UK and Europe

Investment commitments by the UAE and Saudi Arabia to the UK and Europe in Biotech, Clean Energy development and sustainable infrastructure materializing and gathering pace in light of high oil prices, strong dollar and a rising cost of capital in the UK.

We expect to see a significant increase in outbound investment activity from the Middle East into the UK with a record year predicted for mid market deal activity across our key regions.



## Private Equity “secondaries” and “credit funds” in play

We are seeing the emergence of secondaries VC funds in the region, looking to capitalize on LPs seeking liquidity and the significant repricing in valuations.

Rising inflation and increased cost of capital, together with increased uncertainty of equity valuation outlook, have led to a de-risking of investment structures, with a return to more structured exits (limited earnouts, deferred portions, vendor loans).

Legacy Oil & Gas Services. Manpower and related energy sector dealmaking showing a resurgence, where we are seeing significant regional and cross border activity with PE divesting and trade buyers benefiting.