



LUMINA

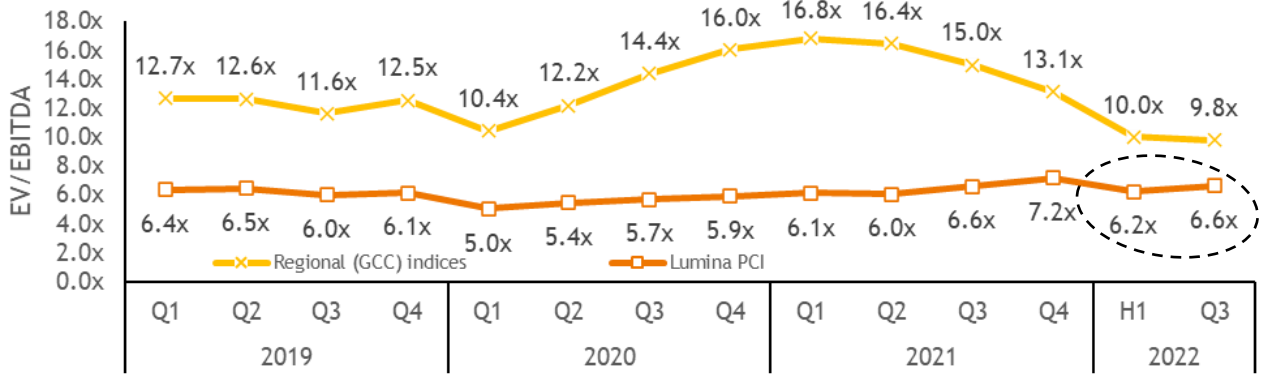
LPCI

Q3 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



Dealmaking resilient despite global headwinds

The Q3 2022 LPCI showed an increase to 6.6x reflecting a resilient M&A environment with traditional sectors such as manufacturing, oil & gas services and industrials showing strong levels of activity.

With significant infrastructure spending announced regionally, consolidation in the construction and contracting sectors is gathering pace with the aim of building regional champions with the technology and specialist skills to service increasingly large scale, complex projects.

Family conglomerates and private equity continue to utilize the IPO boom in the regional public markets to facilitate exits and raise capital.



Two-way investment driving record FDI levels

With the weak pound and need for capital in the UK and Europe we are increasingly seeing a two-way street of capital flows between the Middle East and Europe.

There is also a noticeable increase in capital being invested back into the region as multinationals and funds (i) seek on the ground presence with 'boots on the ground' and (ii) identify direct regional investments

Given regional growth initiatives and strong projected GDP growth, the region is seen as one of the few bright spots in the global economy, with strong risk-adjusted returns.

As a result, we anticipate 2022 being a record year for FDI into the region.



Venture Capital turns off the tap

We have witnessed a marked slowdown in funding rounds for technology companies, as the global fallout takes root in the middle east markets.

Capital continues to be available selectively for deep tech, AI, digital transformation, cybersecurity and other technology creators.

Fundraising activity picking up in the special situations, secondaries and a return to seeking yield in an increasingly higher interest rate and inflationary environment.