



LUMINA

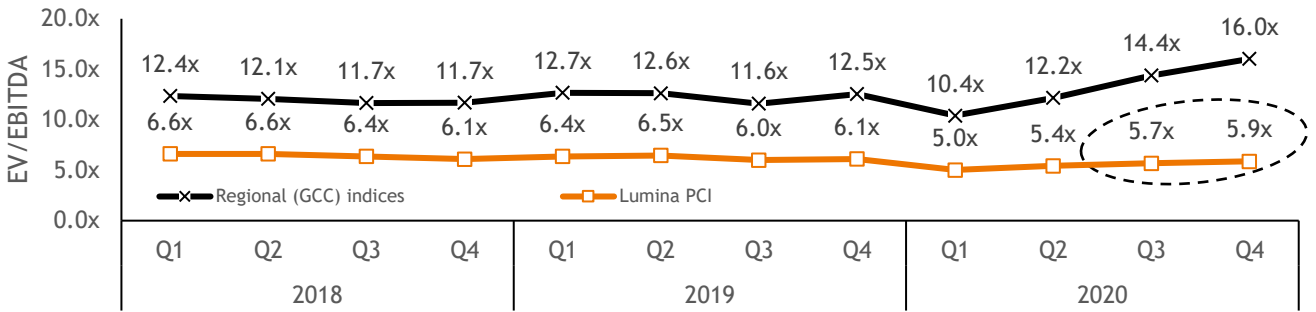
LPCI

Q4 2020

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.



Source: LUMINA transactions, Bloomberg

Note: *Excludes Technology deals



Regional trends

In Q4 2020 we saw the EV/EBITDA multiple further increase from 5.7x to 5.9x. This trend is consistent with Tadawul and DFM public markets, where multiples increased from 14.4x to 16.0x.

Overall valuation multiples have now all-but recovered to pre-Covid levels seen in Q3 2019, which is reflective of a more buoyant deal-making market driven by the needs to consolidate market positions, prepare for 2021 recovery and a belief that the ‘worst is now over.’

We expect further improvement in the private markets in Q1 2021 as investors become less risk-averse while the vaccines are rolled out and economies open further.



Cross-border deal to leverage coverage and client base

ENGIE Solutions, an international leader in providing low carbon energy and services, has acquired Allied Maintenance Company Ltd (AMC), a Saudi-based total facilities management company with numerous locations in the Kingdom.

The acquisition appears to be driven by ENGIE gaining access to AMC’s client base to cross-sell ENGIE’s energy services and technologies.

Gaining access to high-profile clients in the region has proven to be difficult, especially where pre-approvals are required across multiple government entities, jurisdictions and countries. Acquiring companies that already have that access are therefore an effective and potentially efficient route.



Search for Yield

We saw the increasing popularity of yielding convertible debt financing instruments, driven by uncertainties in equity valuations of private companies, alongside the deal making pick-up in Q4.

With continued equity valuation gaps between investor and investee companies, we expect this trend to continue through in 2021, or at least until the return to stability in forecast earnings of private companies.

We expect an increasing number of financing deals under this structure, buoyed by LP investment appetite for private debt funds in preference to traditional private equity.

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