



LUMINA

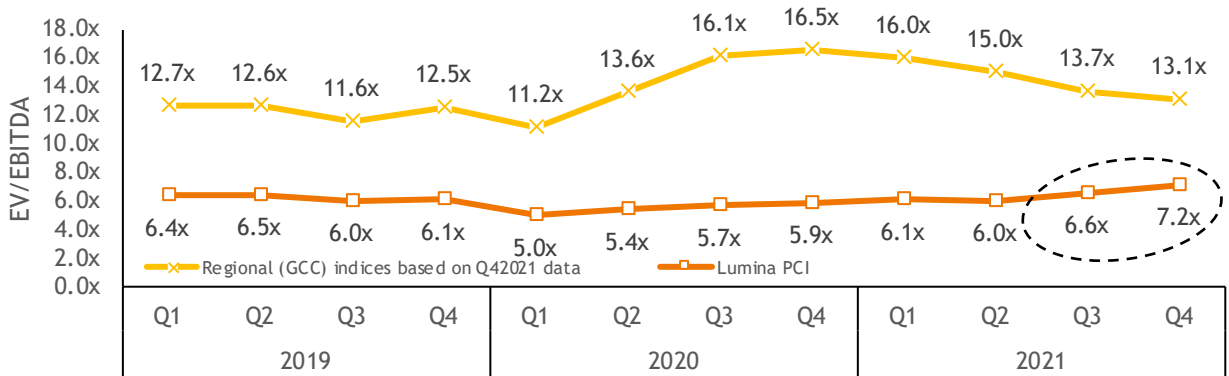
LPCI

Q4 2021

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 is advising, together with publicly available information on other private transactions in the market. The GCC Indices comprise estimate valuation multiples of the major GCC public exchanges weighted by their respective market capitalisations.



Source: LUMINA transactions, Bloomberg

Note: *Excludes Technology deals. Q4 regional indices reflect Bloomberg's updates to historic multiples



VC and Family Offices providing majority of capital - international funds are knocking

The Q4 2021 LPCI increased to 7.2x reflecting significant deal activity in the private market, bolstered by regional government investment initiatives and a momentum of positive sentiment in VC and Family office investing.

770% y-o-y increase in KSA VC deployment. Driven by increasing deal sizes, with international institutions deploying capital in Technology led deals particularly Saudi Arabia and Egypt.

As venture capital availability continues to drive valuations upwards, we also predict a significant move by private equity in fundraising for follow on “take out” funds, set to enable VC’s exits



SWFs and significant bilateral international investment commitments

There were substantial investment commitments by both the UAE and Saudi Arabia to development of bilateral trade agreements in Biotech, Clean Energy development and sustainable infrastructure driven by ongoing free trade negotiations particularly with a post Brexit UK.

This has created an umbrella under which a swathe of private company cross border deal activity is starting to flourish - key players being Mubadala Capital, ADQ in the UAE and PIF in Saudi Arabia.

We expect these initiatives to filter down to private investment and family offices during 2022, with a record year predicted for mid market deal activity in the region.



Government led IPOs set to bolster public markets and further M&A

With both the UAE and Saudi government led initiatives to develop regional public markets we note an increasing number of IPOs particularly on the KSA Tadawul and Nomu exchanges, as more established companies seek governance, exit and growth capital

This increase is further supported by record pipeline of potential listings in the region. In conjunction, the UAE the announcement in November 2021 that Dubai is seeking to list 10 state-owned companies as part of accelerating new listing in various sectors including energy, logistics and real estate.

We expect this to lead to a buoyant private company M&A market, as public companies seek growth through pursuing inorganic acquisition strategies.