

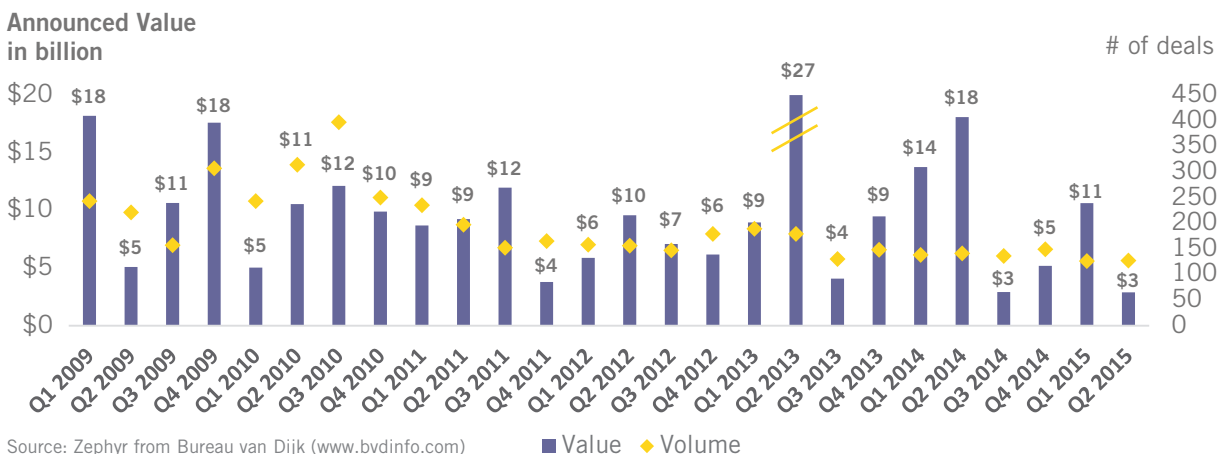
# MENA M&A Market Stalls, During 2Q2015, Well Behind Its 3-Year Rebound

Bureau van Dijk and MENA Research Partners report on regional M&A activity for the 2nd Quarter 2015

**Dubai, July 5th, 2015.** The MENA M&A market markedly regressed **during 2Q2015**, well behind its **prolonged 3-year revived activity**. The overall 12-month activity **now falls short from a sustained** and marked **rebound** mainly due to the regional political turmoil which is cited amongst the major factors weighing on investor confidence in the MENA region. Thinking long-term, the region depicts a **long-term compelling economic** growth story, sufficient to propel more transactions going forward.

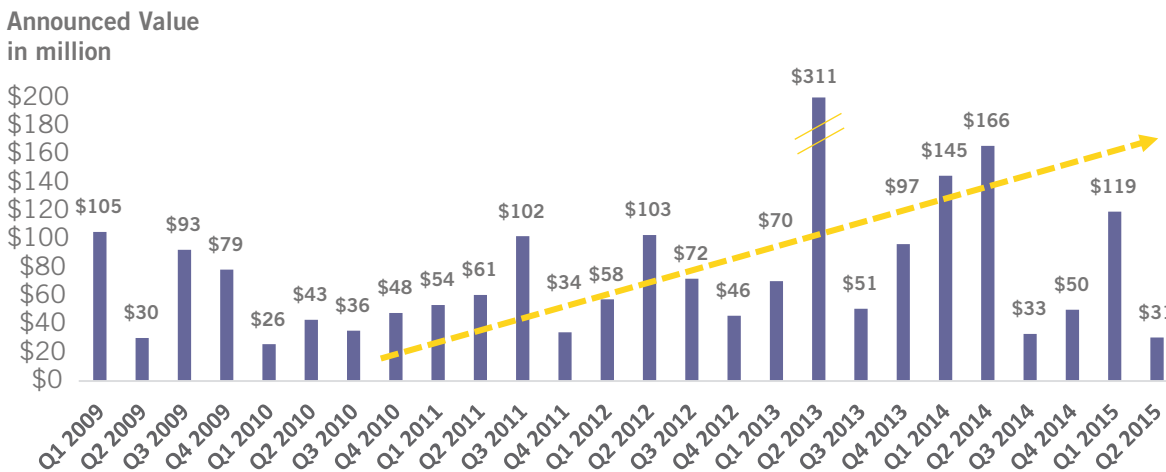
With the **total number of completed deals** on a general declining trend since 2009, the **announced value of M&As** reached only \$3 billion during 2Q15, below its median level of the last 6 years. This has **depressed** the average deal sizes although the trend of **larger transactions** still holds. The below graphs 1 & 2 show the rising trend of the growing value of deals against the backdrop of declining number of deals over the period 2009-2015.

**Graph1: Quarterly Performance of Completed M&A Deals In MENA**



Source: Zephyr from Bureau van Dijk (www.bvdinfo.com)

**Graph2: Average Size of the Completed M&A Deals In MENA**

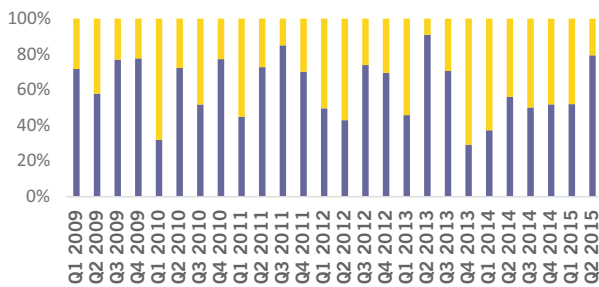


Source: Zephyr from Bureau van Dijk (www.bvdinfo.com)

From a **geographic** perspective, deal activity has been largely driven by a **strong performance in GCC** while the remaining of the region attracted a smaller share of the flow with selected Arab Spring countries like **Egypt and Morocco witnessing a sustained uptrend**. In fact, the GCC region continues to account for the bulk of the regional deal flow, with 79% and 56% respectively of the announced value and the volume of completed deals during 2Q2015. This is in line with the general trend witnessed during the years 2013 and 2014, in an indication of larger deals being closed outside the Arabian Gulf countries. All in all, **larger ticket sizes are more common in the GCC, as opposed to a larger number of smaller deals in other MENA countries**.

Lisa Wright, Zephyr director said: “After a positive showing in the first quarter of this year, Q2 2015 has been disappointing in terms of aggregate deal value in the MENA region. In all 120 deals worth USD 2,883 million have been closed in the MENA region in the second quarter of 2015. The decline can be attributed to a lack of high value deals; in the period under review only one deal surpassed USD 1,000 million, a USD 1,100 million purchase of a 5 per cent stake in Abu Dhabi Company for Onshore Oil Operations by Inpex. This once again illustrates the difference a high-value transaction can make.”

**Graph3: Geographic Breakdown of the Announced Value of Completed M&A Deals in MENA**



Source: Zephyr from Bureau van Dijk (www.bvdinfo.com) ■ GCC ■ Other MENA

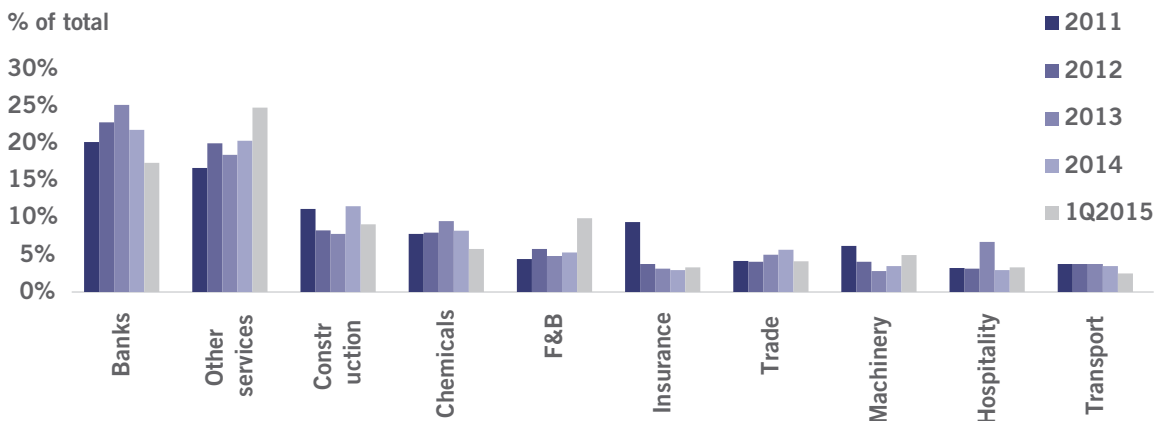
**Graph 4: Geographic Breakdown of the Number of Completed M&A Deals in MENA**



Source: Zephyr from Bureau van Dijk (www.bvdinfo.com) ■ GCC ■ Other MENA

**Cyclical sectors** continued to be a major focus for the acquirers. During 1H2015, sectors like banks, construction and service companies continued to account for a substantial share of the regional completed M&As, prolonging the previous years' trend.

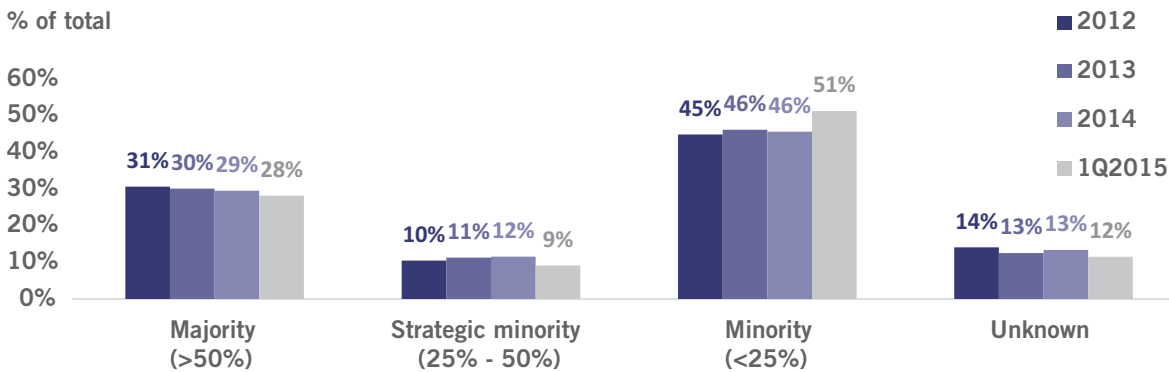
**Graph 5: Breakdown of the Number of Completed Deals by Target Sector in MENA**



Source: Zephyr from Bureau van Dijk (www.bvdinfo.com)

In terms of **deal attitude**, minority acquisitions accounted for most of the number of the regional deals during 1H2015, sustaining their lead over the past years relative to majority deals. This is in line with the general perception that regional investors are less reluctant to give up control of their business.

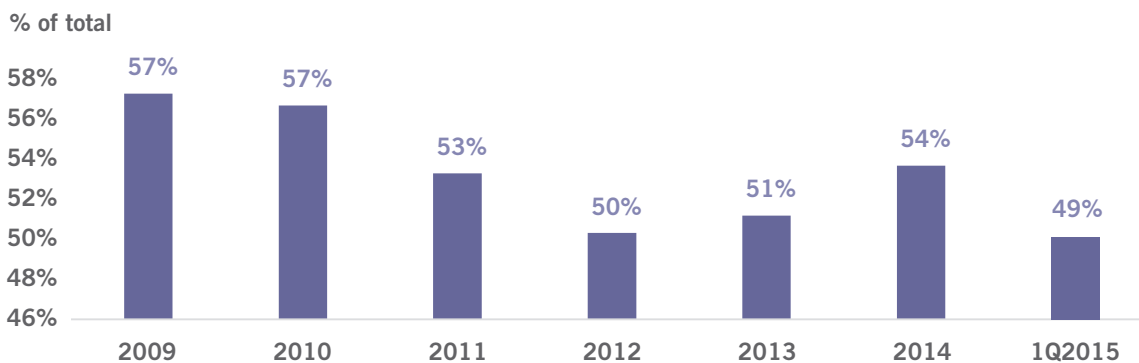
Graph 6: Breakdown of the Number of Completed Deals by % Stake Acquired in MENA



Source: Zephyr from Bureau van Dijk ([www.bvdinfo.com](http://www.bvdinfo.com))

**Foreign acquirers** have remained one **major component** in the MENA M&A market, although **depicting a regression** since 2010. During 1H2015, they have accounted for 49% of the number of completed deals, slightly lower than the numbers witnessed during the past 5 years. On one hand, this reflects a confidence of global players in a large number of regional economies and, on the other, a step backwards in the overall investor confidence in selected countries. All in all, it still offers some interesting exit options for local investors.

Graph 7: % Share of Foreign Acquirors in MENA



Source: Zephyr from Bureau van Dijk ([www.bvdinfo.com](http://www.bvdinfo.com))

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