

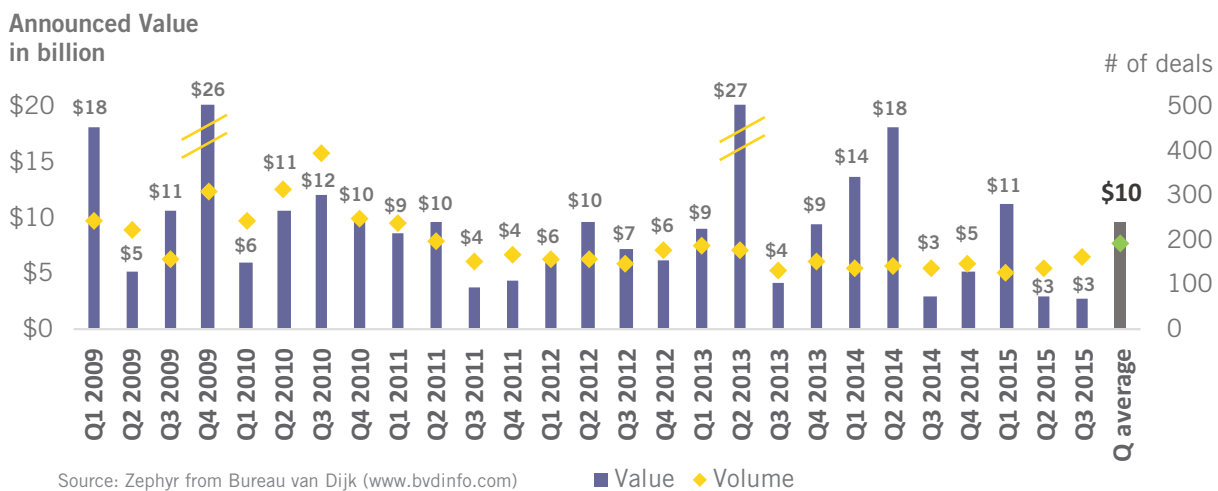
The MENA M&A Market at Its Lows during 3Q2015

Bureau van Dijk and MENA Research Partners report on regional M&A activity for the 3rd Quarter 2015

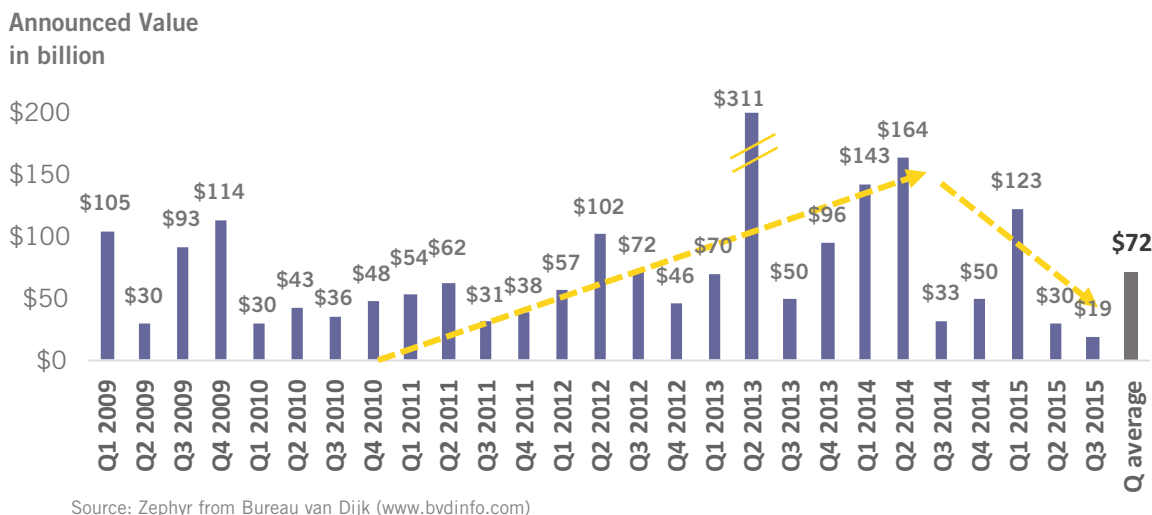
Dubai, September 4th, 2015. The MENA M&A market maintained, in **3Q2015**, the slow activity witnessed during the recent period, as it fails to redress from the current lows. The overall 12-month activity **falls short from any sign of rebound**, enduring the impact of the regional political turmoil and the economic spillover effects of the slump in oil prices which are amongst the major factors weighing on investor confidence in the MENA region. Despite the short to medium term challenges, when thinking **long-term**, the region still depicts largely **attractive economic fundamentals** to sufficiently propel more transactions going forward.

With the **total number of completed deals** generally declining since 2009 yet **slightly improved** during the past 2 quarters relative to 1Q15 low levels, the **announced value of M&As** reached less than \$3 billion during 3Q15 which is well below the average levels of the past 6 years. Such trend has **depressed** the average deal sizes although the case of **larger transactions** in the coming future still holds. The below graphs 1 & 2 show the growing value of deals against the backdrop of declining number of deals over the period 2009-1H2014 while a **trend reversal** has been incurring during the last 5 quarters.

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



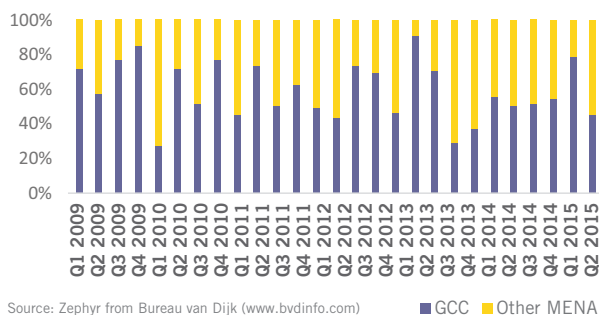
Graph2: Average Size of the Completed M&A Deals In MENA



From a **geographic** perspective, while deal activity remains at large driven by a **strong performance in GCC**, the **non-GCC countries** attracted **during 3Q2015** most of the count and value of completed deals in an indication of weaknesses witnessed within the oil exporting countries. In fact, the GCC region accounted during the past 3 months for only 45% and 44% respectively of the announced value and the volume of completed deals. This is compared to a historical share of circa 63% of deal values, against 36% of deal volumes. On the overall, the general trend prevailing to-date is that of **larger ticket sizes in the GCC, as opposed to a larger number of smaller deals in other MENA countries.**

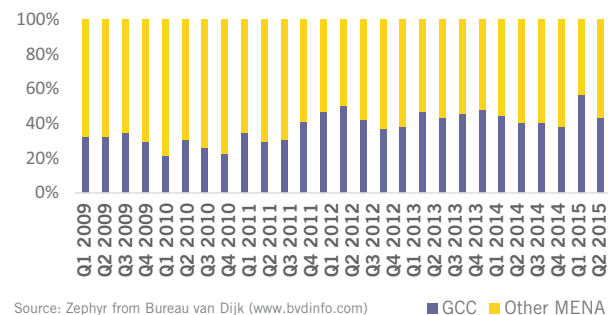
Lisa Wright, Zephyr director said: “The third quarter of 2015 represented a slight decline on Q2 2015 for the MENA region as value dropped from USD 2,999 million to USD 2,668 million, in line with the overall global trend for the quarter. Conversely, volume increased quarter-on-quarter from 129 to 163. The lack of a very high value transaction appears to be the reason for the drop in value; Q3’s highest deal value was USD 314 million. Compared with recent quarters, the value of the region’s largest deal in Q3 was low. Previous quarters have seen transactions worth in excess of USD 2,000 million announced, thereby highlighting the importance of an individual deal’s consideration to a quarter’s overall performance.”

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



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

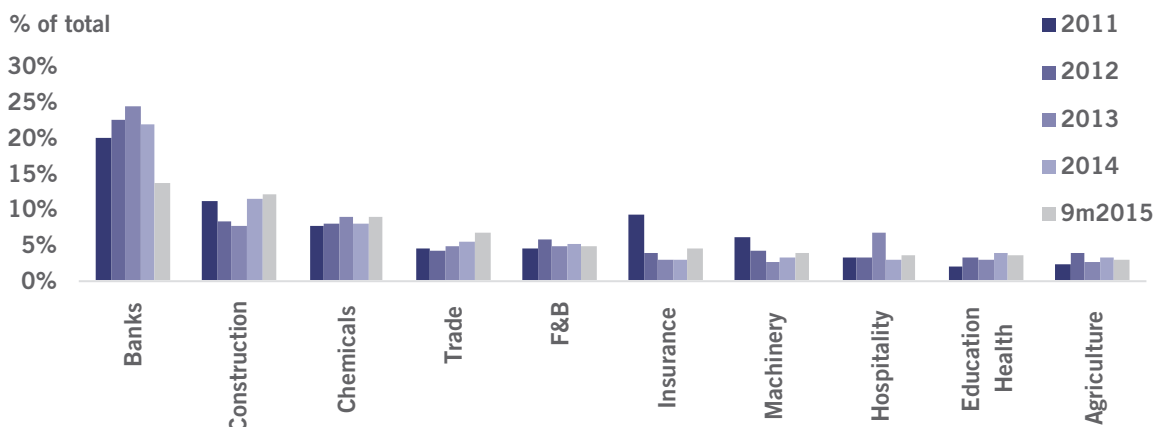
Graph 4: Geographic Breakdown of the Number of Completed M&A Deals in MENA



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

Cyclical sectors continued to be a major focus for the acquirers. During 9m2015, sectors like construction and chemicals have picked relative to others, while the banking sector consolidation paused compared to previous years.

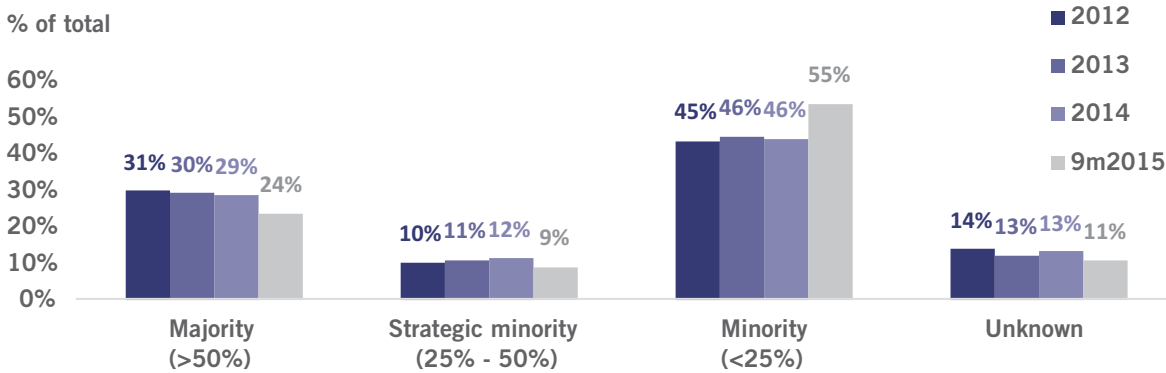
Graph 5: Breakdown of the Number of Completed Deals by Target Sector in MENA



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 9m2015, 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.

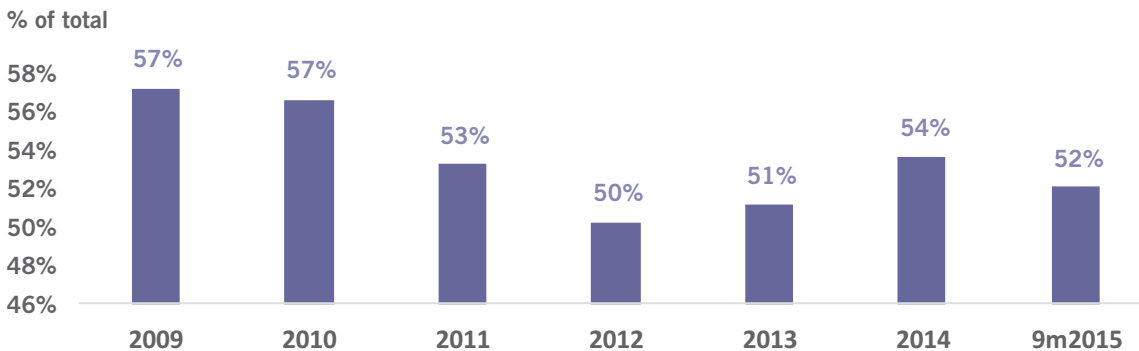
Graph 6: Breakdown of the Number of Completed Deals by % Stake Acquired in MENA



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

Foreign acquirers have remained one **major component** in the MENA M&A market, **depicting a minor regression** to 2014 levels. During 9m2015, they have accounted for 52% of the number of completed deals, slightly lower than the average 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 Acquirers in MENA



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

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