

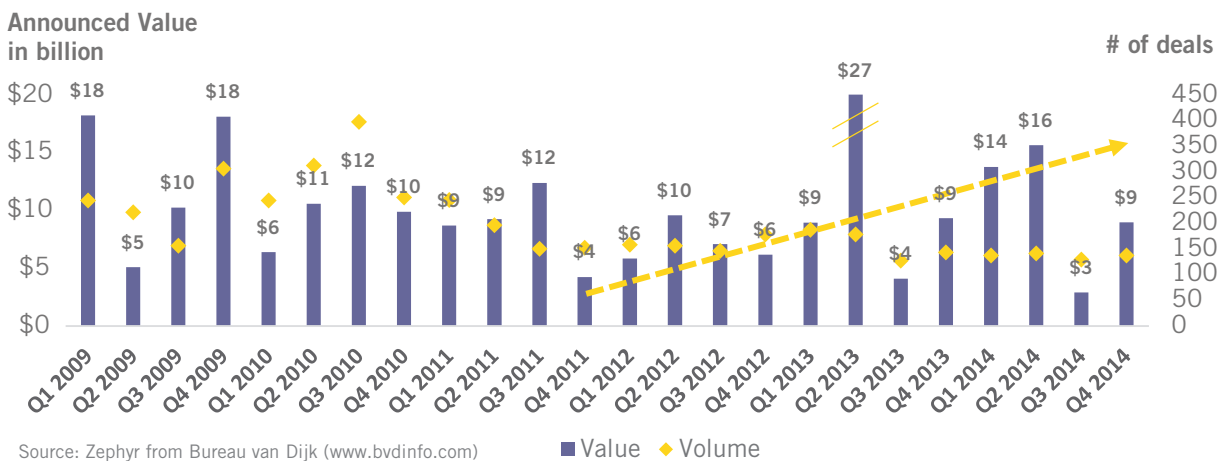
## MENA M&A market is expanding quantitatively and qualitatively

Bureau van Dijk and MENA Research Partners report on regional M&A activity for the full year 2014

**Dubai, January 5th, 2014.** The MENA M&A market depicted **strong activity during 4Q2014**, prolonging its steady performance of the last 2 years. The sustainable economic growth profile, driven by the large fiscal safety net, by the ongoing diversification away from hydrocarbons and by the progressive resurgence of key Arab Spring countries, is increasingly enlarging the depth and outlook for new deals in the region.

While the **total number of completed deals** has been stabilizing at the low-end of its range since 2009, the **announced value of M&As** reached \$50 billion and \$41 billion respectively during 2013 and 2014, ahead of an average of \$34 billion during the previous 3 years. Such trend is reinstating the **large deal sizes** witnessed during the pre-2008 years, although the gap remains large to bridge. The below graphs 1 & 2 depict the rising trend of the growing value of deals against the backdrop of stabilizing number of deals.

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



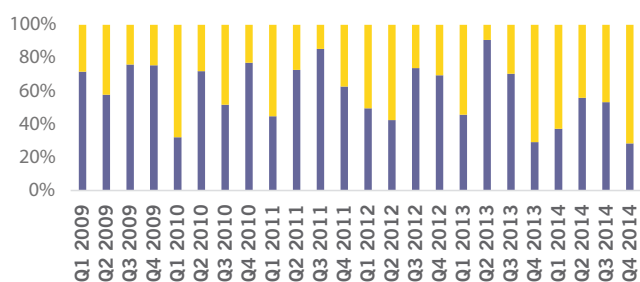
**Graph2: Average Size of the Completed M&A Deals In MENA**



From a **geographic** perspective, deal activity remains driven by a **strong performance in GCC** coupled with an ongoing pick-up in selected Arab Spring countries like **Egypt and Morocco**. In fact, the GCC region continues to account for the bulk of the regional deal flow, with 44% and 43% respectively of the announced value and the volume of completed deals during the year 2014. This is, however, compared to 69% and 43% respectively during 2013, 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 disappointing performance in Q3 2014, the last three months of the year represent a marked improvement for the MENA region as aggregate deal value climbed significantly. In all there were 137 deals worth an aggregate USD 8,977 million closed in the MENA region in Q4 2014. However, around 45 per cent of this is attributable to a single high value deal, namely Fonds National d’Investissement’s USD 4,000 million acquisition of Orascom Telecom Algerie, which completed in December. As is often the case, a large value transaction can transform a good quarter to an excellent one.”

**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

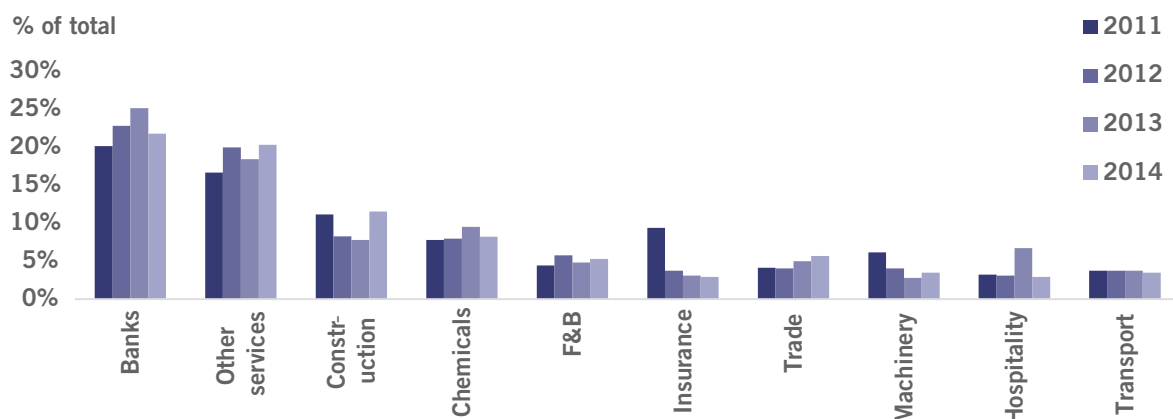
**Graph 4: Geographic Breakdown of the Number of Completed M&A Deals in MENA**



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

**Cyclical sectors** continued to be a major focus for the acquirers. During 2014, sectors like banks, construction and service companies accounted for a substantial share of the regional completed M&As, prolonging the previous years’ trend.

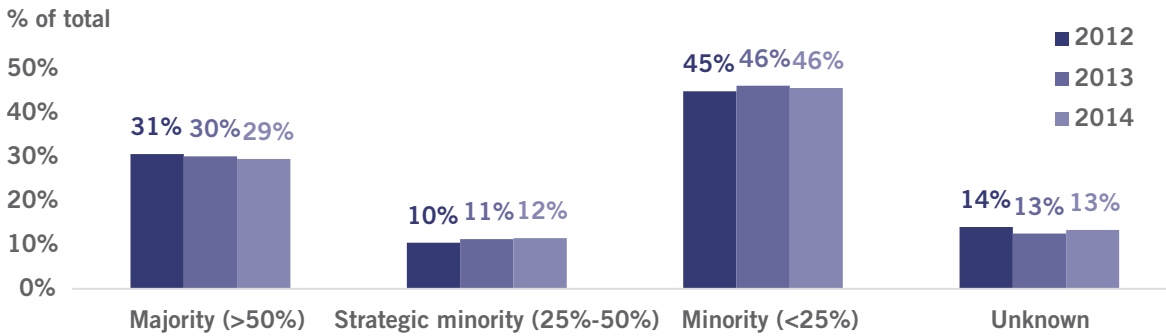
**Graph 5: Breakdown of the Number of Completed Deals by Target Sector in MENA**



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 2014, 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.

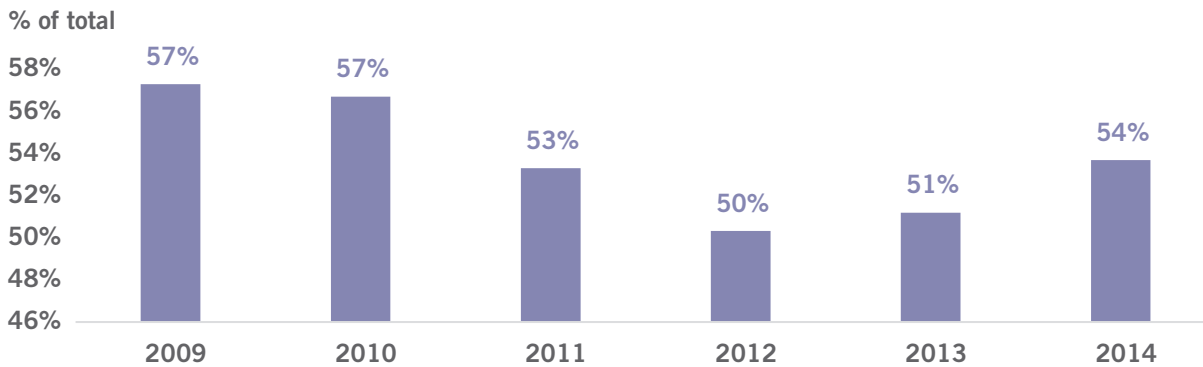
**Graph 6: Breakdown of the Number of Completed Deals by % Stake Acquired in MENA**



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

**Foreign acquirers** have been one major component in the MENA M&A market. During 2014, they have accounted for 54% of the number of completed deals, compared to 51% during 2013, slightly below the average of 57% witnessed during 2009 and 2010. These numbers reflect a confidence of global players in a large number of regional economies and their long-term fundamentals. In return, it 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))

### **About MENA Research Partners**

MRP is a research outsourcing company offering customized business intelligence to corporations in the Middle East & North Africa (MENA). MRP services focus on economics, sectors, equities, fixed income, foreign exchange, commodities, companies, M&A and documentation services. MRP products include feasibility studies, primary and secondary market research, company valuation, white label publications, conference presentations, roadshow & pitchbook preparation, database building. MRP client base is made up of commercial banks, brokerage companies, advisory houses, private equity firms, asset managers, consulting firms, governments and private corporations. For more information, please contact Mr. Anthony Hobeika, Managing Director, at [ahobeika@mena-rp.com](mailto:ahobeika@mena-rp.com) or visit our website [www.mena-rp.com](http://www.mena-rp.com).

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