



Press Release

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Strong M&A growth trends echo across the Middle East: Baker McKenzie Report

- Overall global deal making continued its strong rebound, outpacing both halves of 2020 (H1 2020 and H2 2020)
- Overall Middle East deal activity continued its upward trend with 307 deals in the first half of 2021 at total deal value of USD 40.3 billion
- March 2021 marked the highest in deal volumes with 75 deals and April 2021 marked the highest in deal values at USD 19.2 billion
- Egypt ranked as the most popular target country by value and the second by volume with 18 deals valued at USD 1.8 billion

Dubai, UAE, 06 September 2021 – According to the latest report by leading global law firm Baker McKenzie*, global M&A activity saw a strong rebound during the first half of 2021 (H1 2021), outpacing the first and second half of 2020. Both, total deal values and volumes, respectively soared upward by 120% and 22% from H1 2020 and by 18% and 9% from H2 2020.

The rebound was also reflected in the Middle East where M&A activity continued its upward trend with 307 deals in H1 2021; a significant increase of 59% and 48% when compared to H1 2020 and H2 2020, respectively. As for total deal values, the report recorded a 7% drop from USD 43.5 billion in H1 2020 to USD 40.3 billion in H1 2021 whereas values doubled in comparison to H2 2020 which saw registered deal values of USD 13.2 billion.

Although deal values in H1 2021 totaled slightly less than those in H1 2020, the first half year of 2021 logged the highest-total deal volume since 2018.

Not surprisingly, deal activity globally was expected to regain momentum with accelerated vaccination progress around the world. This has contributed towards M&A transactions spiking in January to 50 deals at USD 3.1 billion, an almost 67% increase in deal volume and a quadrupling in deal values year on year.

“Last year was probably the most turbulent year for the M&A market in the Middle East and across the globe in decades. Despite continuous pandemic uncertainties in 2021, the region has seen a steadily ascending level of M&A activity since the beginning of 2021 and is currently witnessing substantial growth in both values and volumes as deal makers' appetite return with a focus on capturing opportunistic deals,” said **Omar Momany, Partner and Head of the Corporate M&A Practice Group at Baker McKenzie Habib Al Mulla.**

“Notably, the high volumes and values by the beginning of 2021 and especially towards the mid of the first half of the year, demonstrate a strong comeback for dealmakers after a challenging 2020 and promise continued deal making momentum until year end,” he added.



Middle East M&A activity

Overall deal making volumes in the Middle East was up across all months, with the highest being in March, recording 75 deals (Y-o-Y increase of 114%). Value-wise, the months of January, March and April fared better compared to the previous year with April being the most prolific with USD 19.2 billion in total value (a tremendous Y-o-Y surge of 1162%).

The majority of deals in the region for H1 2021 were cross-border in nature with companies looking at new opportunities and/ or progressing those that were suspended in early 2020 at the outbreak of the pandemic.

For instance, April's high-values were driven by substantial transactions such as Aramco's USD 12.4 billion deal to sell a 49% stake in its pipelines to a consortium led by U.S.-based EIG Global Energy Partners, the largest deal of the period.

Cross-border M&A deal activity was higher in volume and value when compared to domestic deals with 199 deals worth USD 30.7 billion, a marked increase of, respectively, 43.2% and 41.4% from H1 2020. With regards to **domestic** deals, volumes in H1 2021 were higher than those in H1 2020 with 108 versus 54, however values dropped to USD 9.5 billion, about a 56.2% reduction from H1 2020.

Cross-regional deal volumes and values in H1 2021 also soared from the previous half-year as well as year-on-year with 170 deals valued at USD 30.2 billion in comparison to 126 and 138 deals worth USD 22 billion and USD 9.5 billion in H1 2020 and H2 2020, respectively.

Further, **Osama Audi, M&A, Private Equity and Venture Capital Partner who recently joined Baker McKenzie Habib Al Mulla**, commented: "The sectors that have shown sustained growth with high levels of interest from regional and global investors include the technology and venture capital space with the Kitopi Series C funding led by Softbank, the Anghami SPAC merger and the recently announced Swvl SPAC merger being just a handful of the late-stage tech transactions in the region. We anticipate that, in the months to come, there will be a sustained increase in tech-focused regional and out-bound M&A (with Indian tech and bio-tech investments from the region also being of particular interest) as investors continue to hunt opportunities in this fast growing sector. In addition, the tech companies themselves will likely need to focus on growing revenue in-organically through acquisitions."

"We have also seen sustained growth in the monetization/ commercialization strategies being implemented across the region by government owned/ controlled entities with the slate of ADNOC deals, the Aramco pipeline deal and a host of announced utilities privatizations attracting interest from global and regional institutional investors."

"That being said, there continues to be significant growth across nearly all sectors and asset classes with record setting and 'first of its kind' deals being undertaken in the financial services, fintech, logistics, real estate & hospitality, healthcare and food & beverage sectors through both public and private M&A transactions."

Inbound Cross-regional Middle East M&A

The volume and value of deals into the Middle East improved significantly in H1 2021 as compared to the previous two halves of 2020 jumping to 68 deals at USD 20.87 billion.

Baker McKenzie.

In cross-border deal making, investors based in the United States were the leading source of in-bound investment into the region, making 21 deals (a Y-o-Y increase of 163%) totaling USD 12.67 billion (a Y-o-Y increase of 14%). In volume and value, the US was followed by investors based in the United Kingdom (with 9 deals) and Denmark (with USD 4.077 billion of deals). It is also worth noting that Egypt was third in terms of deal volume with eight deals reported in H1 2021.

Undoubtedly, the **Energy & Power** industry was the **top target industry** by value, with six deals valued at USD 15.5 billion in H1 2021, an immensely higher value compared to the **Consumer Products and Services** industry which came in second with reported value of USD 4.083 billion. As for volume, the **Financials** sector was ranked first with 15 deals followed by **Consumer Products and Services** and **High-tech** (10 and 9 deals, respectively).

Outbound Cross-regional Middle East M&A

Outbound M&A activity from the Middle East into other regions also grew by volume and value from 80 deals at USD 4.7 billion in H1 2020 to 102 deals at USD 9.3 billion in H1 2021.

Yet again, the United States remained the **top target country** for outbound deals in volume with 22 deals. However, deal volumes reduced during H1 2021 as compared to H1 2020, which saw 26 deals being reported. Egypt was the most popular target country by value and the second by volume with 18 deals valued at USD 1.8 billion, while the United Kingdom ranked third by volume (11 deals) and second by value (USD 1.7 billion).

For outbound transactions, the **High-Tech** sector was the primary industry of interest for investors, with 22 outbound deals in the period, followed by **Energy & Power** with 18 deals. Value-wise, the largest outbound deals were in the **Energy & Power** (USD 2.8 billion) and **Retail** (USD 2.041 billion) sectors.

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Notes to editors

About Baker McKenzie

Baker McKenzie helps clients overcome the challenges of competing in the global economy. We solve complex legal problems across borders and practice areas. Our unique culture, developed over 70 years, enables our 13,000 people to understand local markets and navigate multiple jurisdictions, working together as trusted colleagues and friends to instill confidence in our clients. (www.bakermckenzie.com)

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About Baker McKenzie Habib Al Mulla

Baker McKenzie Habib Al Mulla brings over 30 years' local know-how and extensive global resources to clients in the region, and is the only international law firm in the UAE with full rights of audience before all UAE and DIFC courts. We deliver unmatched on-the-ground support that reflects a deep understanding of local legal, regulatory and commercial practices. Our multidisciplinary team of 60 lawyers offers a full range of local and international legal advice across our offices in Dubai and Abu Dhabi, in both English and Arabic.

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* Methodology - Cross-border M&A



The information in this press release is based on Refinitiv data for global announced M&A transactions with standard exclusions. We define cross-border deal-making as any M&A activity where the target is not in the same country as the acquirer ultimate parent, cross-regional (or interregional) deal-making as any M&A activity where the target and acquirer ultimate parent are based in separate regions, and domestic deal-making as any M&A activity where the target and the acquirer ultimate parent are based in the same country.

For the purpose of this report, the Middle East was defined as: Bahrain, Iran, Iraq, Jordan, Kuwait, Lebanon, Oman, Palestine, Qatar, Saudi Arabia, Syria, United Arab Emirates and Yemen. M&A activity refers to all deals ranked as of 30 June 2021.