

How can the  
opportunities to go public  
be seized, not lost?

MENA IPO Eye: Q2 2021  
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A wide-angle photograph of the Dubai skyline at night, featuring the Burj Khalifa and other illuminated skyscrapers along the waterfront, with the city lights reflecting on the calm water.

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## About this report

EY MENA IPO Eye report is released every quarter and looks at the IPO markets, trends and outlook for the MENA region.

The current report provides insights, facts and figures on the MENA IPO market during Q2 2021. You will find this report at the EY IPO website and you can subscribe to receive it every quarter.

**All values are US\$, unless otherwise noted.**

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# MENA IPO market

Compared to H1 2020 though the number of IPOs remained at four during H1 2021, total proceeds raised decreased by 48%.

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The MENA region's IPO market did not witness a pickup in activity during Q2 2021 as expected, with only one IPO occurring on the EGX, while direct listings continued their momentum with six listings across several MENA countries. Compared to H1 2020 though the number of IPOs remained at four during H1 2021, total proceeds raised decreased by 48%. Preparations are ongoing for several key transactions that are expected to occur during H2 2021, particularly with the UAE and Saudi Arabia demonstrating a strong pipeline of IPO candidates. Our outlook on the region's IPO activity remains positive, taking into account the continued improvement in economic conditions and stability in the region, coupled with the strong performance of oil prices we have seen thus far in 2021.

Matthew Benson

EY MENA Strategy and Transactions Leader





# MENA IPO market

# 1





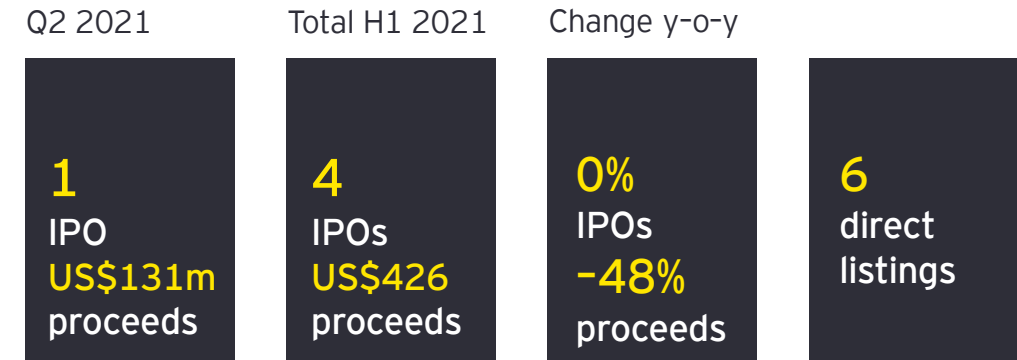
# MENA IPO market summary: a muted H1 2021 in IPO activity across MENA with expectations for an uptick in activity in the latter part of H2 2021; direct listings continue momentum

## Key highlights

- ▶ MENA IPO markets saw four IPOs during H1 2021, with total proceeds of US\$425.8m, down by 48% compared with H1 2020. The number of IPOs stayed the same y-o-y. There were a number of direct listings in the period that we describe below.
- ▶ In Q2 2021, the only IPO in the MENA region was Taaleem Management Services, which listed on the EGX and raised US\$131.0m in proceeds. This is a slight improvement compared to this time in Q2 2020 when there were no public offerings as the COVID-19 pandemic shook the world and left a continuing trail of uncertainty.
- ▶ Taaleem Management Services, a higher education platform that controls and operates Nahda University in Beni Suef (NUB), the largest private university in Upper Egypt, sold 49% of its shares on the EGX. The institutional offering was oversubscribed 2.34 times, while the retail offering was oversubscribed 29.38 times. This is the first IPO in Egypt since the listing of Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) S.A.E. in Q4 2019.
- ▶ The EGX also welcomed the technical dual listing of Integrated Diagnostics Holdings (IDH) which was concluded on the EGX on 20 May 2021. IDH has been listed on the LSE since 2015 and is the first company to conduct a technical dual listing on the EGX.
- ▶ Other listings for Q2 2021 included the direct listing of Alpha Dhabi Holding (ADH), an IHC subsidiary, on the ADX main market with a market capitalization of US\$40.8b. Emirates Stallion became the fourth IHC Group company to list on the ADX second market with a market capitalization of US\$254m. This follows the 2020 listings of Palm Sports, EasyLease and Zee Stores.
- ▶ The Qatar Exchange Venture Market Program (QEVMP), an alternative venue for listing and trading of shares for SMEs, saw its debut listing with the Al Faleh Educational Holding Q.P.S.C. direct listing of 240 million ordinary shares.
- ▶ Although there were no IPOs in Saudi Arabia during Q2 2021, the Capital Market Authority (CMA) has issued approvals for several IPOs on Tadawul, namely Tanmiah Food Company\*, Arabian Internet and Communications Services Company, Arabian Contracting Services Company (ACC) and International Company for Water and Power Projects (ACWA Power). These transactions are expected to be completed before the end of 2021 and will give a strong boost to the MENA IPO market figures for 2021.
- ▶ Nomu-Parallel Market saw the direct listings of Fesh Fash Snack Food Production Company and Mohammed Hasan AlNaqool Sons Co. during Q2 2021. Burgerizzr received approval for its IPO on Nomu from the CMA with the listing expected to occur in Q3 2021.

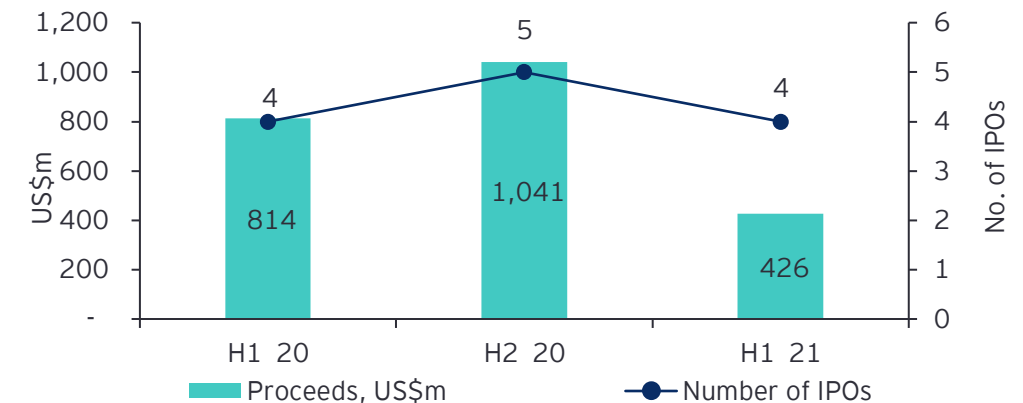
Source: Refinitiv Eikon, S&P Capital IQ, Bloomberg, Zawya, Reuters, CMA  
Notes: \* Listed on Tadawul on August 4<sup>th</sup> 2021

## MENA IPO overview



Notes: Change y-o-y reflects H1 2020 vs. H1 2021

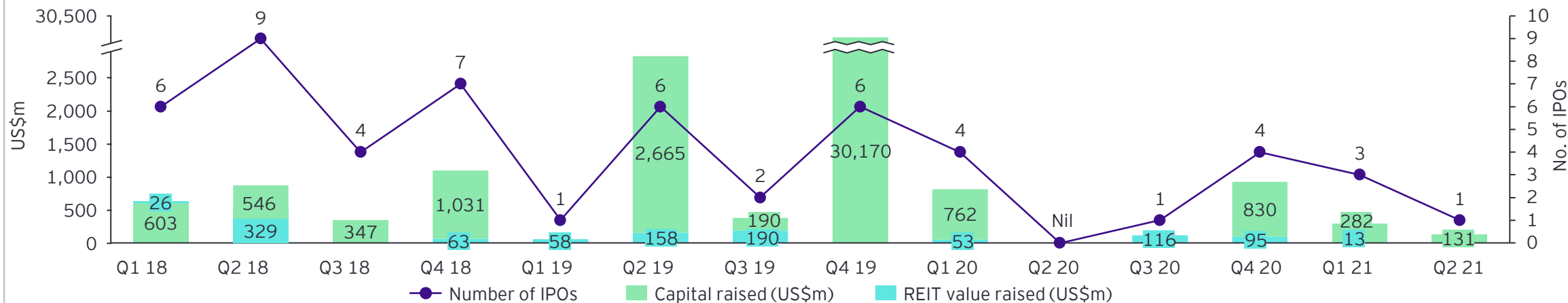
## MENA IPO activity



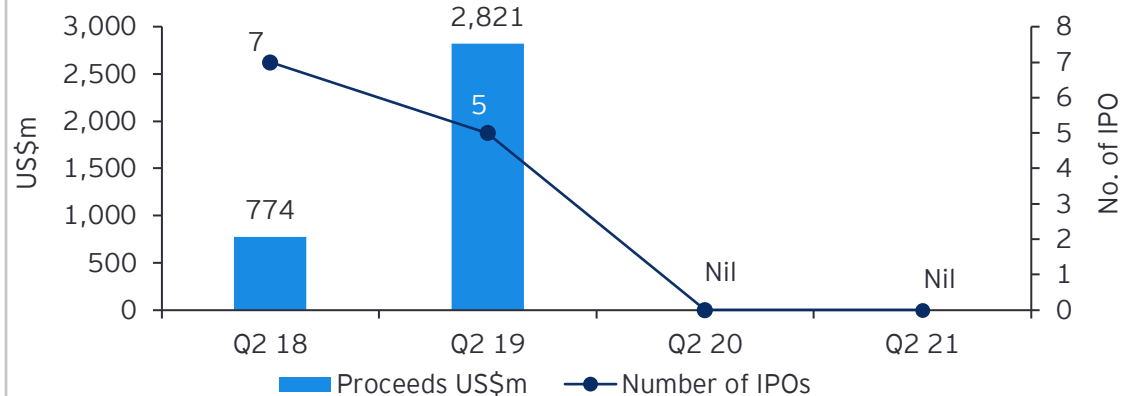
Source: Refinitiv Eikon, S&P Capital IQ.

# MENA IPO market snapshot

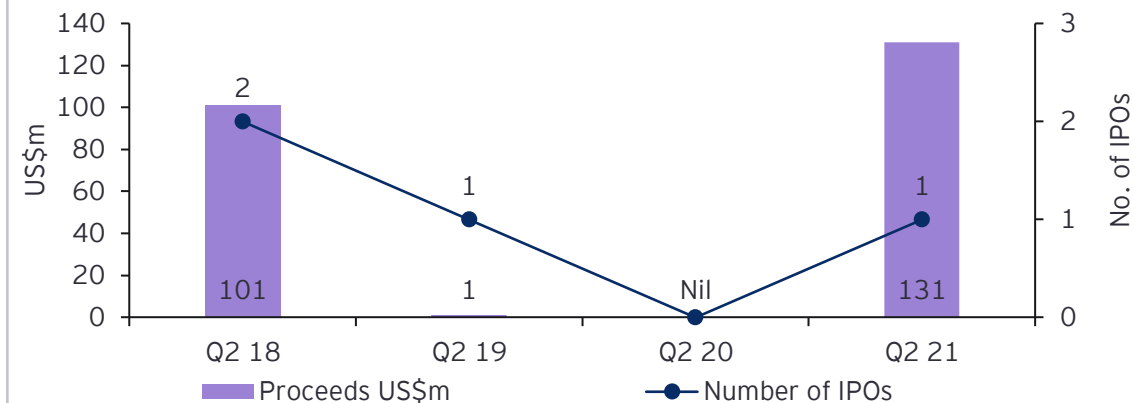
MENA IPO activity (Q1 2018-Q2 2021)



GCC IPOs



Non-GCC IPOs



Notes: IPOs, including REIT listings, have been considered in each quarter, based on the subscription closing date.  
Source: Refinitiv Eikon, S&P Capital IQ.

# MENA equity markets: positive performances across most MENA markets in H1 2021

## Key highlights

- ▶ MENA equity markets continued their positive performance during Q2 2021 with the ADX and Tadawul outperforming other MENA markets, returning 35.5% and 26.4% respectively, during H1 2021.
- ▶ In Q2 2021, the majority of MENA equity markets witnessed an improvement in their market performance compared to Q1 2021. The exception was the Egyptian market which continued to lag behind and lost 5.3% during H1 2021 as the lack of foreign investors participation continues to take its toll on the market.
- ▶ All selected MENA exchanges saw an increase in their market capitalization as compared to Q1 2021, with the largest increase for the ADX, having added US\$82b to its total market capitalization in Q2 2021.
- ▶ The only IPO during Q2 2021, on the EGX, saw a 6.1% increase on the first day of trading with the share price closing at EGP6.1 compared to the IPO price of EGP5.75. At the end of Q2 2021, the stock had lost 5.2% as compared to its listing price.

## MENA IPO pricing and performance

<b>Taaleem Management Services</b>	First-day returns <b>+6.1%</b>	EGX	Share price performance Q2 2021 <b>-5.2%</b>
Listing date: 07/04/2021			
Education			

Notes:

All data 30 June 2021

1) + or – indicates change compared with offer price at IPO.

2) Share price performance measured by IPO price – 30 June 2021.

\*The price-earnings (PE) ratio of the index as calculated by Refinitiv and based on trailing PE ratio.

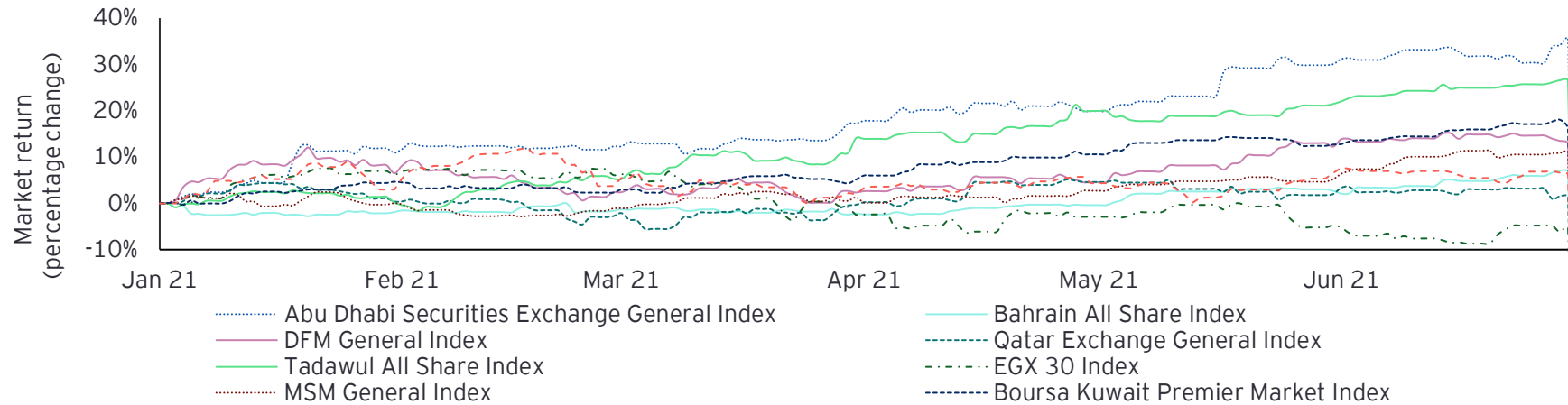
Source: Refinitiv Eikon, S&P Capital IQ, stock exchange disclosures.

## MENA exchanges – key data

Selected MENA indices	YTD 2021 index return	Exchange market cap (US\$b)	Index PE ratio*
MSCI Emerging Markets (EM) Index	6.4%		18.7
Tadawul All Share Index (TASI)	26.4%	2592	27.1
Qatar Exchange (QE) General Index	1.2%	171	18.0
Abu Dhabi Securities Market General Index	35.5%	318	18.1
Dubai Financial Market General Index (DFMGI)	12.8%	105	13.6
Bahrain All Share Index (BSEX)	6.7%	26	9.1
EGX 30 Index	-5.3%	43	8.1
Boursa Kuwait Premier Market Index	15.9%	94	26.2
MSX 30 Index	10.9%	31	10.5

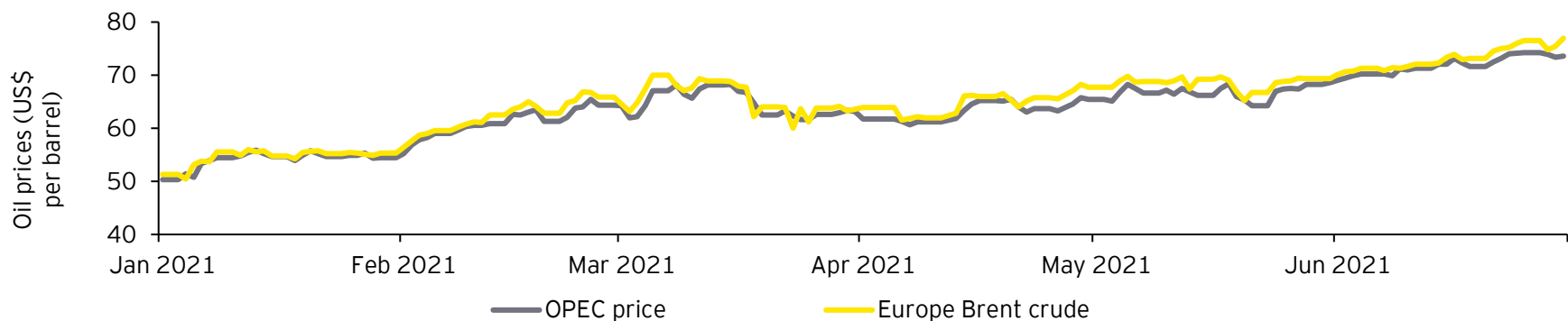
# MENA markets and oil price performance: increased oil prices bode well for producers in MENA economies

MENA exchanges' performance



Source: Refinitiv Eikon

OPEC and Brent oil price



Notes: Updated as on 30 June 2021.

Source: Organization of the Petroleum Exporting Countries (OPEC) and Energy Information Association (EIA).

At the end of Q2 2021, WTI and Brent crude oil were trading 19% and 16% higher, respectively, than at the beginning of the quarter.

Oil company stocks were particularly hard hit during the pandemic. That trend has reversed as commodity prices and profits have recovered. Values are up, but still below pre-pandemic levels.

The recovery in prices has been carefully engineered by OPEC+, led by Saudi Arabia and at every opportunity, the organization has resisted the urge to bring production back online prematurely. In early January (and subsequently reaffirmed in March), Saudi Arabia committed to reducing production by 1 million barrels per day, a move that clearly triggered the positive sentiment we have seen since.

Since the beginning of the pandemic, supplies have been precisely managed to restore normal inventory levels. That goal has been largely achieved and producers are increasingly focused on revenue growth and market share. While demand continued to recover in Q2 2021, OPEC, North American producers and oil producers outside North America have gradually increased oil output.

Source: EY Price Point: global oil and gas market outlook Q3 | July 2021



# MENA IPO market outlook

Positive equity market performances across the MENA region offer a favorable backdrop for IPO candidates looking to list their shares.

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IPO activity during H1 2021 was below expectations, nevertheless the year did bring some remarkable deals with MENA companies showing an ever increasing interest in special purpose acquisition company (SPAC) transactions as a means to go public. We expect this trend to continue as companies seek to increase their international presence and gain access to a wider pool of investors. Positive equity market performances across the MENA region offer a favorable backdrop for IPO candidates looking to list their shares and the IPO outlook is favorable for MENA companies who now have a variety of options when it comes to the routes available to them to access the capital markets.

Gregory Hughes  
EY MENA IPO Leader



# IPO readiness assessment: how we help companies prepare for an IPO

## Are you prepared?

Once you have decided to go public, you will need to map out all the necessary steps. **Advance preparation and planning are critical.** Unpredictable IPO markets make dual-tracking, IPO readiness and internal preparation more important than ever. Be ready to kick-start execution when the IPO window of opportunity opens. Getting IPO ready in the correct way means **implementing change throughout the business, organization and the corporate culture.** As a public company, you will be subject to increased filing requirements, transparency, compliance, scrutiny by investors and analysts, and overall accountability for delivering on promises.

To start the IPO planning and preparation process “on the right foot”, EY IPO Readiness Assessment can be used. It is a **structured approach designed to guide the company through a successful IPO** transaction to a strong debut in the IPO market. Successful businesses typically start to prepare 12 to 24 months before the IPO – in many cases with an IPO readiness assessment.

## What are the objectives and values of EY IPO Readiness Assessment?

It is designed to guide your company through a **successful transformation from private to public** status. Executives also want to understand more of the “measures that matter” – what it takes to win in the capital markets. Typical objectives are:

1. Define an IPO base case that would become important information for the assessment
2. Identify the IPO readiness gaps and assess the efforts required to get ready
3. Train the key people on IPO leading practices and regulatory requirements
4. Prioritize the gaps in an IPO roadmap

Companies that have completed a successful IPO know that the process is truly a **metamorphosis** – a series of planned, pervasive changes undertaken to achieve long-term objectives.

**Start your IPO journey preparation with EY IPO Readiness Assessment**

The EY organization integrated assessment and program management of IPO readiness modules are tailored to suit each company's needs as it seeks to prepare the organization for a public listing event in the future. The core modules to consider are illustrated below.

1	Strategy	2	Structures	3	Taxes
▶ IPO equity story		▶ Issuing company		▶ Company level	
▶ IPO destination		▶ Group structure		▶ Shareholder level	
▶ Issue concept		▶ Governance and legal		▶ Transaction level	
8	Timeline	IPO readiness assessment		4	Financial
▶ IPO timeline and regulatory approval				▶ External reporting	
▶ Plan B options				▶ Business plan and forecasting	
▶ Project management and resources				▶ Prospectus	
				▶ Nonfinancial information	
7	Leadership	6	Functions	5	Systems
▶ C-suite		▶ Investor relations		▶ Internal controls and audit	
▶ Board of directors		▶ Compliance/Legal		▶ Enterprise risk	
▶ Sub-committees		▶ HR		▶ Compliance management	
▶ Remuneration		▶ Sustainability/CSR/HSE		▶ IT security	



# GCC market highlights

# 2



# GCC capital market highlights: regulators approve IPO candidates as the listing pipeline continues to increase

## Saudi Arabia

- ▶ The CMA announced approvals for direct listings on the Nomu-Parallel Market for National Fertilizer Company<sup>1</sup>, Banan Real Estate Company and Canadian Medical Center Company<sup>2</sup>.
- ▶ Jahez International Company for Information Technology (Jahez), a Riyadh-based food delivery start-up, announced the appointment of HSBC Saudi Arabia as the sole financial advisor and global coordinator for its potential IPO on Nomu-Parallel Market.
- ▶ The Securities Depository Center Company (Edaa), received approval from the CMA on its International Central Securities Depositories (ICSD) instructions. According to the CEO of Edaa, the launch of the ICSD instructions will provide new channels allowing foreign investors to trade on the Saudi Exchange, specifically debt instruments and ETFs. Following this approval, Clearstream became the first ICSD to offer international investors access by connecting the Saudi capital market to its network through a linkage with Edaa. An indirect linkage will be established via a local custodian to enable settlement of Tadawul listed Saudi riyal (SAR) denominated ETFs, government bonds and nonconvertible bonds.
- ▶ EFG Hermes and the Saudi Exchange organized a virtual investor conference under the theme “A Story of Resilience.” The conference was held from 14 June to 17 June 2021 and brought together executives from 61 companies with more than 450 international investors representing 190 institutions.

## UAE

- ▶ The ADX is gearing up for several rumored IPOs. According to news sources, Abu Dhabi National Oil Company (ADNOC) and OCI are mulling listing their joint venture (JV) Fertiglobe, while ADNOC is also considering the sale of a minority stake in its drilling unit (ADNOC Drilling) in a deal that could value it up to US\$10b. Al Yah Satellite Communications (Yahsat), the satellite operator owned by Mubadala Investment Company, completed its IPO on the ADX in Q3 2021 (14 July 2021) and raised US\$731m<sup>3</sup>.
- ▶ The Dubai capital markets witnessed another setback when the anticipated IPO of Tristar Transport, a logistics company, was cancelled after it had started its public share sale in early April 2021. According to Reuters, sources said that the deal did not attract enough investor demand. The company was planning to offer 24% of its shares on the DFM at an implied valuation of up to US\$882m.

## Qatar

- ▶ Foreign investors may soon be allowed to own up to 100% of listed companies after the cabinet approved a draft law in a move which could trigger overseas inflows of more than US\$1b.

## Kuwait

- ▶ Boursa Kuwait and the Middle East Investor Relations Association (MEIRA) hosted a webinar to highlight the importance of digital communications for investor relations professionals. The exchange also organized a “Virtual Corporate Day” from 1 June to 2 June 2021, in collaboration with HSBC, where 54 prospective investors from 26 leading investment firms and asset managers met with 11 companies listed on the exchange.

## Oman

- ▶ Oman's Capital Market Authority has issued a decision approving new rules for specifying the price of shares in public offerings which aim to regulate the issuances in IPOs through stating the methods for determination of the prices of shares in public offerings and the procedures to be followed to ensure sound pricing process. During Q2 2021, the CMA also presented a draft Sukuk and Bonds Regulation for public consultation.
- ▶ The MSX provided an extension in February 2021 to comply with its circular issued in 2020 regarding the appointment of an investor relations officer and a dedicated investor relations section on the website for its listed companies until May 2021.
- ▶ The MSX also hosted an IPO workshop in May 2021 in cooperation with the Federation of Euro-Asian Stock Exchanges (FEAS) and the European Bank for Reconstruction and Development (EBRD) to address the potential issuer's expectations and concerns on the IPO process.

## Bahrain

- ▶ Bahrain's listed telecommunications company, Batelco, announced it is in the preliminary stages of exploring a dual listing on another stock exchange and has appointed the investment arm of Samba Financial Group to advise on the potential listing.
- ▶ Bahrain Bourse issued amendments to its Listing Rules with the enhancements introduced to the rules being aimed at strengthening the regulatory oversight. These amendments include the establishment of the Violations Committee to review high-frequency violations and determine penalties on listed companies for noncompliance, the establishment of a Disciplinary Appeals Committee to allow listed companies to appeal on imposed violations, and new disclosure templates in the Listing Rules Guidelines to govern credit rating announcements, dividend distribution timeline, and accumulated losses.

Notes: <sup>1</sup>Listed on 26 July 2021 <sup>2</sup>Listed on 29 July 2021 <sup>3</sup>Excluded from Q2 2021 figures as the IPO occurred in Q3 2021  
Source: Saudi Exchange, Bloomberg, Reuters, Stock exchange announcements



# Non-GCC market highlights

# 3





# Non-GCC market highlights: Egypt returns to the IPO markets in Q2 2021

## Key highlights: Egypt

- ▶ The Egyptian Exchange (EGX) saw two listings during Q2 2021 with the IPO of Taaleem Management Services and the technical dual listing of Integrated Diagnostics Holdings (IDH). More listings are expected to occur on the EGX before the end of 2021, with the head of Egypt's Financial Regulation Authority (FRA) stating that the government is expecting to start its IPO program in September 2021 and that two or three companies should be listed.
- ▶ Egypt's FRA has given Banque du Caire and three other listed companies until the end of 2021 to sell shares on the stock exchange, two exchange sources told Reuters. In Egypt, companies are allowed to list on the exchange before actually offering shares to be traded.
- ▶ Egypt's IPO pipeline continues to increase with e-finance, Banque du Caire, Ebtikar for Financial Investments, the Giza Spinning and Weaving Company, Ghazi El-Mahalla Football Company, Post for Investment, United Media Services Company, Misr Life Insurance Company, and several Armed Forces affiliated companies, all having announced intentions to float shares on the stock exchange.
- ▶ The EGX, in collaboration with FEAS and EBRD, organized an IPO workshop to introduce potential companies to the requirements of listings with the aim to increase the supply side of the market.





Global IPO  
market

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# Global IPO market

Traditional IPOs continued to march ahead, while SPACs took a pause

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Globally, IPO markets put in an exceptionally strong performance in Q2 2021 as traditional IPOs continued to benefit from the Q1 2021 momentum, while special purpose acquisition companies took a pause. IPO-bound companies wanting to take advantage of favorable market sentiment and high liquidity before an expected mid-year slowdown were keen to complete their transactions. Companies considering an IPO should prepare multipronged strategies that demonstrate resilience against geopolitics, pandemic, valuations, and governance challenges.

Paul Go

EY Global IPO Leader



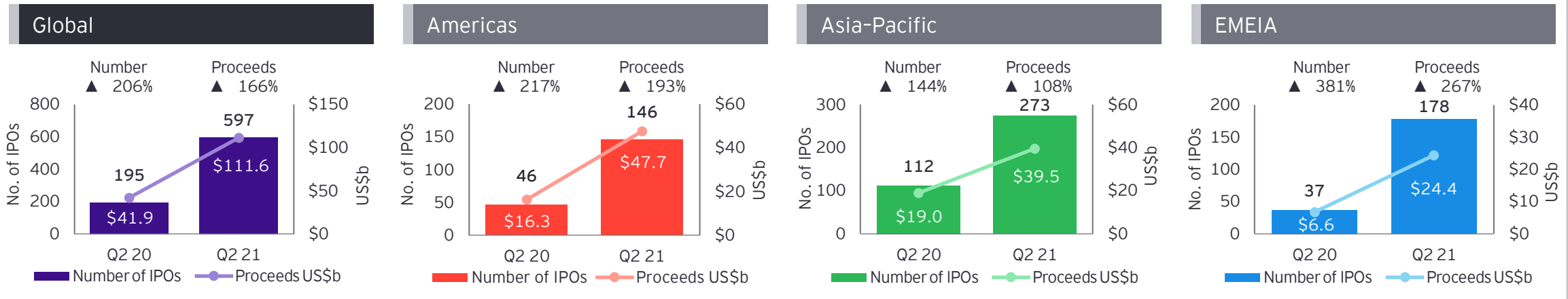


# Global IPO market summary: traditional IPO performance in Q2 2021 remained strong

## Key highlights

- ▶ Riding a wave of momentum from Q1 2021, traditional IPO performance in Q2 2021 remained strong. Ample liquidity in the financial systems, continuing government stimulus policies, accelerated technology adoption and pandemic-propelled new economy companies contributed to the quarter's strong showing. Speculative and opportunistic transactions and soaring equity markets also fueled the IPO activity. We expect a rush of IPOs to launch in July 2021 while market sentiments remain favorable.
- ▶ Q2 2021 IPO deal numbers and proceeds were 597 IPOs and US\$111.6b, respectively. Q2 2021 was the most active Q2 by deal numbers and proceeds in the last 20 years, and beat previous records in Q2 2007 (522 IPOs raising US\$87.7b).
- ▶ Q2 2021 was 206% and 166% higher, respectively, by deal numbers and proceeds compared with Q2 2020.
- ▶ The five largest IPOs by proceeds in Q2 2021 included: DiDi Global Inc. (US\$4.4b); JD Logistics Inc. (US\$3.6b); China Three Gorges Renewables (Group) Co. Ltd. (US\$3.5b); Allfunds Group plc (US\$2.6b); and SK IE Technology Co., Ltd. (US\$2.0b).
- ▶ There were 21 mega IPOs (those with proceeds above US\$1b) in Q2 2021 with total proceeds of US\$37.3b, which accounted for 33% of Q2 2021's global proceeds. This compares with 22 mega IPOs for US\$50.8b in Q1 2021. There have been notably more mega IPOs launched in 2021 compared with 2020 (14 in H1 2020) when the global markets were then hard hit by the initial shock from the pandemic.
- ▶ Overall, there was a healthy spread of IPO activity across many markets, including the US, Mainland China, Hong Kong, the Nordics, Europe (Frankfurt, Paris, Amsterdam and London), Brazil, Toronto and India by proceeds. Australia, Japan, Norway and Israeli exchanges were also active by deal numbers. Lower volatility has also favored and increased the IPO activities in Q2 2021.
- ▶ In Q2 2021, US SPAC IPOs took a pause after record-breaking activities in Q4 2020 and Q1 2021. European SPAC IPO activity grew slightly, with 15 IPOs completed in Q2 2021, vs. 6 in Q1 2021. This compares with six SPAC IPOs on European exchanges completed for the whole of 2020.

## Q1 2021 comparison



### Notes:

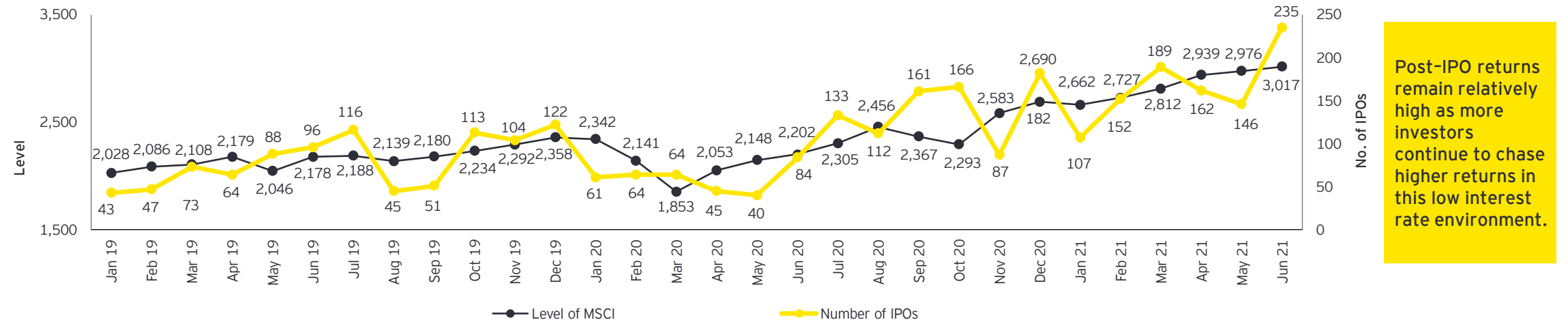
SPAC IPOs are excluded in the compilation of all data included in this report, except where indicated.

All values are US\$ unless otherwise noted. YTD 2021 and YTD 21 refer to the first six months of 2021 and cover completed IPOs from 1 January 2021 to 30 June 2021. Q2 2021 and Q2 21 refer to the second quarter of 2021 and cover completed IPOs from 1 April 2021 to 30 June 2021. Data as of COB 30 June 2021.

# Global IPO market outlook: steady pipeline of US\$1b+ IPOs expected for the rest of the year

- ▶ As IPO markets continue their forward momentum, many companies are looking to go public amid favorable conditions. A steady pipeline of US\$1b+ IPOs is expected for the rest of 2021. This includes technology unicorns, SPACs, and companies in sectors such as renewables, e-commerce, and health care, which are expected to remain attractive for IPO investors.
- ▶ Given the emergence of new waves and the uneven speeds at which vaccines are rolling out around the world, the pandemic looks to be something to live with rather than something to be eradicated.
- ▶ Moreover, H2 2021 may be more challenging as the lingering impact of the pandemic continues to affect companies in many sectors (e.g., traditional retail, travel, tourism, hospitality, and real estate), thus dampening investor sentiment. Further, as governments begin to scale back stimulus, tighten monetary policies and use interest rates to manage the threat of inflation, we may see an increase in volatility.
- ▶ Investor confidence will remain high for companies in sectors that have prospered from the lockdowns, including e-commerce, food delivery, games and cloud solutions. IPO pipelines continue to grow in many markets as evidenced by companies that have completed new rounds of pre-IPO funding with rising valuations.
- ▶ We expect to see a slowdown of cross-border IPO traffic from China to the US market in light of the latest government and regulatory investigations on anti-trust and data security concerns.
- ▶ In addition to being well-prepared, companies looking to launch an IPO in H2 2021 will need to be realistic about valuations and be prepared to clearly articulate on its environmental, social and governance (ESG) strategy, and the companies must prove to be “living it” as part of their purpose, strategy and culture.

IPO activity vs. MSCI World Index



\*MSCI World Index is composed of more than 1,500 constituents listed on stock exchanges of various developed markets. The index includes companies from 24 developed markets in Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The index constituents are weighted on the basis of free float market capitalization. MSCI World Index is reviewed on a quarterly basis and is managed by MSCI Inc. Number of IPOs shown on this chart excludes all deals with proceeds below US\$5m and SPACs. All values are US\$ unless otherwise noted. YTD 2021 and YTD 21 refer to the first six months of 2021 and cover completed IPOs from 1 January 2021 to 30 June 2021. Q2 2021 and Q2 21 refer to the second quarter of 2021 and cover completed IPOs from 1 April 2021 to 30 June 2021. Data as of COB 30 June 2021.



Spotlight on  
SPACs

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# SPACs IPO market insights

While SPAC IPO activity is taking a pause, SPAC mergers will continue to accelerate.

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While SPAC activity slowed in April 2021 due to the uncertainty in warrant accounting treatment, saturation in the private investment in public equity (PIPE) market, and a flood of SPAC issuances in Q1 2021, the lull is still behind us. Since mid-June 2021, both SPAC formation and merger announcements have been occurring at a normalized pace. This is expected to remain steady in Q3 2021 and should begin picking up toward the end of 2021. Increased scrutiny and clarity from the SEC will increase high-quality deals, as the SPAC path to the public market becomes a long-term trend for innovative companies.

Karim Anani

EY Americas SPAC Leader





# Global SPAC highlights: H1 2021 global SPAC IPO activities already surpassed 2020's record year totals

## SPAC IPOs

- ▶ H1 2021 global SPAC IPO activities already surpassed 2020's record year totals. While the US accounts for the bulk of activity, SPAC IPOs are starting to grow on European exchanges.
- ▶ Europe's H1 2021 SPAC IPO deal numbers and proceeds already exceeded full-year 2020 levels. SPAC IPOs accounted for 8% of European exchanges' IPO activity and 10% by proceeds in H1 2021. Quarterly, European SPAC IPO activity grew slightly, with 15 IPOs completed in Q2 2021 with total proceeds of US\$3.7b, compared to 6 IPOs raising US\$1.7b in Q1 2021.

## SPAC acquisitions

- ▶ Of the 634 SPACs that have completed IPOs globally between 2020 and the end of Q2 2021, 182 SPACs have announced acquisitions with a total acquisition value of US\$470b by the end of June 2021.
- ▶ Announced SPAC acquisition activity is also growing at a faster pace, with the number of announced deals and deal values in H1 2021 already surpassing 2020 full-year levels. US companies were the most active source of SPAC target companies in H1 2021, followed by European, APAC and Israeli companies.
- ▶ As of 30 June 2021, there are 452 active SPACs with approximately US\$136.5b in available funds looking for investment. Deal pressure is quickly building as more SPACs are now in the market looking for a limited number of high-quality companies and, as a result, standard transaction terms and valuations have become more competitive and negotiable.

## Outlook

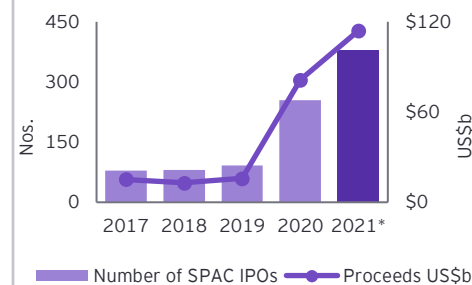
- ▶ Regulators for EU exchanges have been looking at listing requirements surrounding SPACs. We expect more SPACs on Euronext, Deutsche Börse and Nasdaq OMX exchanges in the coming months.
- ▶ Although SPAC activity in the UK has been limited as markets await concrete next steps from the Hill Review, US SPACs have been actively courting UK companies, with some UK unicorns choosing a SPAC merger over a local IPO.

## SPAC IPO activity

### YTD 2021

Global	United States	Europe
<b>YTD 2021</b> Change on YTD 2020 <b>379</b> ▲ 872%  <b>US\$114.3b</b> ▲ 846%	<b>YTD 2021</b> Change on YTD 2020 <b>358</b> ▲ 868% IPOs  <b>US\$108.9b</b> ▲ 810% proceeds	<b>YTD 2021</b> Change on YTD 2020 <b>21</b> ▲ 21 times IPOs  <b>US\$5.4b</b> ▲ 5,401 times proceeds

### Global SPAC IPO activity



### European exchanges SPAC IPO activity

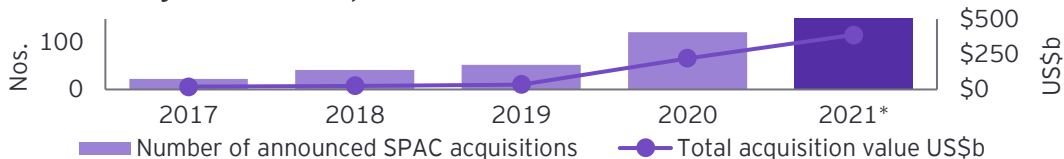
Stock exchange	Number of SPAC IPOs		SPAC IPO proceeds US\$m	
	YTD 2021	2020	YTD 2021	2020
Euronext (Amsterdam, Paris)	9	2	2,973	495
NASDAQ OMX and First North (Stockholm, Helsinki)	5	0	1,038	0
Deutsche Börse	3	0	937	0
London (Main and AIM)	3	4	184	46
Borsa Italiana (Main and AIM)	1	0	269	0

## Selected YTD 2021 announced SPAC acquisitions

Announcement month	SPAC name	Target	Deal value US\$b	Target sector	Target nationality
April	Altimeter Growth Corp.	Grab Holdings Inc.	34.7	Technology	Singapore
February	Churchill Capital Corp. IV	Lucid Motors Inc.	17.6	Industrials	US
May	Soaring Eagle Acquisition Corp.	Ginkgo Bioworks Inc.	15.0	Health care	US
January	Social Capital Hedosophia Holdings Corp. V	Social Finance Inc.	12.9	Technology	US
March	Thoma Bravo Advantage	ironSource Israel Ltd.	10.8	Technology	Israel

## SPAC acquisition activity

### Announced global SPAC acquisitions



\*SPAC IPOs in this context refer also to ex-business development and blank check companies but exclude Capital Pool IPOs. YTD 2021 and YTD 21 refer to the first half of 2021 and cover completed SPAC IPOs and traditional IPOs from 1 January 2021 to 30 June 2021. Data as of COB 30 June 2021.

# MENA SPACs: surge of SPAC activity from MENA-based companies exploring alternative routes to a public market listing

## MENA SPAC activity

While the SPAC trend has been dominating international headlines for some time now, 2021 has proven to be the year that this type of capital markets event is making its mark in the MENA region. Merging with a listed SPAC could be a viable strategic alternative for IPO-bound companies to go public through the backdoor, even in times of high market volatility and unprecedented uncertainty. In addition, while traditionally MENA companies have found it difficult to access US markets through the official IPO route, SPACs have stepped in to ease the accessibility and deepen the capital raising pool for these companies.

Particularly, the UAE has been at the forefront of the increase in SPAC activities across the region. Earlier in 2021, Anghami, a leading MENA music streaming platform with Lebanese roots and headquarters in Abu Dhabi, announced its intention to go public on Nasdaq by merging with Vistas Media Acquisition Company's (VMAC) SPAC, at a valuation of US\$220m. Followed by an announcement of the Singapore-based Vistas Media Capital (VMC), that it is planning to launch a US\$150m fund for SPACs targeting key sectors in the MENA region.

SHUAA Capital, a UAE-based asset management firm which is listed on the DFM, led the PIPE investment for Anghami's SPAC transaction and according to Bloomberg, is considering setting up three SPACs worth US\$200m each. The SPACs are expected to list in the US in 2021 and will pursue deals in the technology, finance and energy sectors.

Arrow Capital, a Dubai-based financial and investment advisory firm, co-sponsored a US\$240m technology SPAC in March 2021, which is listed on Nasdaq (Tribe Capital Growth Corp I), in partnership with Silicon Valley-based venture capital firm Tribe Capital.

Sovereign wealth funds in the region, such as Saudi Arabia's Public Investment Fund (PIF) and Abu Dhabi's Mubadala, have also participated in notable SPAC transactions on the US markets. Examples of such transactions in 2021 are PIF's investment into Compute Health which is listed on the NYSE and Blue Whale Acquisition I which was formed by Mubadala Capital and targets media and entertainment businesses. PIF was also an early investor in Lucid Motors, the electric vehicle manufacturer which merged earlier in 2021 with a Nasdaq-listed SPAC (Churchill Capital Corp IV)\* in a deal valued at US\$24b.

The latest SPAC announcement for MENA has minted the region's third Unicorn, as Swvl Inc. a Dubai-based provider of transformative mass transit and shared mobility solutions, announced its plans to go public through a merger with Queen's Gambit Growth Capital (GMBT) SPAC, at a valuation of US\$1.5b. Trading of Swvl on Nasdaq is expected to start once the transaction is completed in Q4 2021. This will make Swvl the second MENA technology start-up to go public via a SPAC route listing, following the landmark transaction of Anghami that paved the way and illustrated the global ambitions of MENA-based companies.

There is no question that the unprecedented rise of the SPAC market is transforming and reshaping our capital markets, both internationally and locally. Regardless of market conditions, success is dependent the understanding of risks and rewards involved in a SPAC merger, regardless of your role in the process. While it's impossible to predict with certainty how the SPAC appetite will ultimately evolve, the vehicle can offer a viable and expedited path for private companies looking to access growth capital and liquidity via the public markets.

SPACs, often referred to as publicly-traded shell companies or "blank-check companies," are investment vehicles that raise capital from investors through a traditional IPO – the SPAC IPO – to be used later to acquire one or more target companies.

Funds raised via the SPAC IPO and any additional investment secured are held in trust until SPAC management finds a suitable target. SPACs generally have two years to find a target; if they don't, then the money raised is returned to investors. Shareholders can also redeem their shares if they're not interested in participating in the proposed merger.

The targets' valuation is agreed between the SPAC and target(s) and is then "validated" through equity funding commitments from investors in the form of PIPEs.

Finally, if approved by shareholders, the merger is executed – often called the de-SPAC transaction – and the target private company or companies become public entities. The SPAC target is usually publicly announced once a formal merger agreement has been executed.

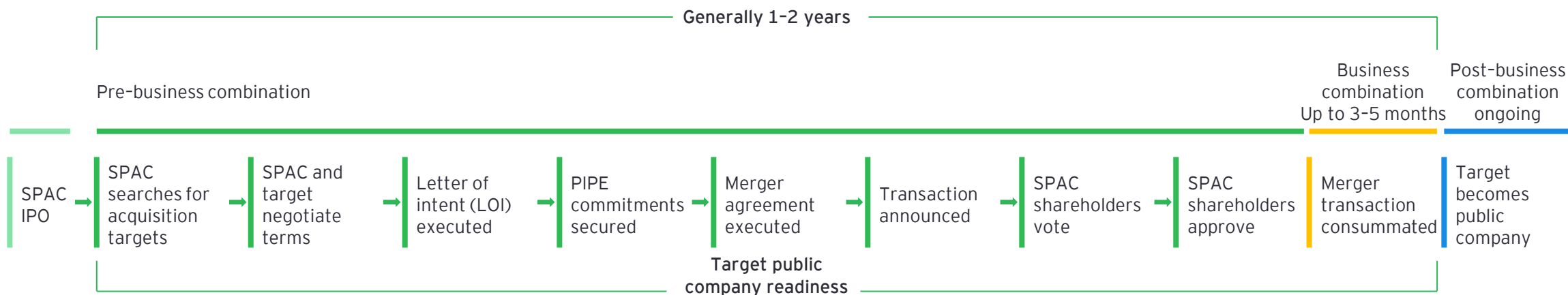
Source: Bloomberg, Zawya, GulfBusiness, Reuters, Nasdaq, MarketWatch

Notes: \*Lucid completed the previously announced merger with Churchill Capital Corp IV on 23 July 2021. The combined company now operates as Lucid Group, Inc listed on Nasdaq.



# SPACs: considerations and life cycle

## Understanding the SPAC life cycle



## Understanding the benefits or considerations of SPAC mergers

### + Benefits

- ▶ Higher price and execution certainty to get listed also in times of volatility when IPO "windows" open and close over time
- ▶ Better promotion of business plans and forecasts
- ▶ Faster speed in the transaction phase to (public) equity market (3- 4 months)
- ▶ Confidentiality of negotiations between two merger parties compared to the public IPO price discovery process
- ▶ Usage of SPAC cash positions to fund growth depending on merger set-up
- ▶ Access to liquid public markets post-merger for shareholders with exits demands
- ▶ New board members post-merger

### - Considerations

- ▶ Valuation implications depending on the business combination agreement negotiated
- ▶ Dilution effects and influence: post-merger, the sponsor will generally take a more active role particularly through board representation
- ▶ Cash and exit needs of stakeholders and lock-up agreements in merger and acquisition (M&A) agreement
- ▶ (US) IPO readiness required for day 1 post-merger with the SPAC
- ▶ SPAC sponsor (management) quality matters for future governance set-up
- ▶ Complexity of transaction (especially tax-wise and regularly new country of incorporation)
- ▶ Timing implications and alignment with strategy

# SPACs: how EY teams can support your (de)SPAC journey from preparation to execution

No matter your role in the SPAC life cycle, your success depends on working with an experienced team that knows the landscape, opportunities and risks of the market. That's where we come in. At EY, we have a dedicated practice that supports SPACs and targets company leadership teams from identification through post-de-SPAC. Throughout every phase of the SPAC life cycle, we'll provide independent capital markets perspectives to boards and management teams on all elements of deal preparation, process, execution, and aftermarket considerations.

## EY SPAC support

### Advise SPACs and sponsors on deal considerations and requirements

- ▶ Define the deal structure and consider alternative acquisition structures (reverse a cash merger, tax-free reverse merger, Up-C and other partnership structures) and the tax costs or benefits
- ▶ Provide perspectives on term sheets
- ▶ Analyze and comment on business combination agreement
- ▶ Assist with financing agreements and supporting schedules or disclosures, SPAC transaction documents, stockholder agreements

### Provide SPAC sponsors' dedicated support through de-SPAC transaction

- ▶ Advise on pro forma financial statements and disclosures
- ▶ Review carve-out financial statements of target entity or entities
- ▶ Prepare technical accounting memos
- ▶ Support in responses to SEC comment letters
- ▶ Prepare fairness opinions and other valuation needs
- ▶ Strategize on a transaction tax and post-acquisition tax step plan
- ▶ Advise on PIPE and debt financing
- ▶ Assist with SEC filings such as Forms 10-K, 10-Q, 8-K (including tax considerations) or Draft tax opinion(s), statement of facts and representations

## EY target company support

### Assist with company readiness planning and preparation

- ▶ Establish funding and liquidity objectives
- ▶ Understand process timelines and scenarios
- ▶ Align stakeholders around objectives and timing
- ▶ Review and develop corporate and tax structure
- ▶ Conduct enterprise-wide IPO readiness assessments across functions
- ▶ Assist with workforce and compensation planning
- ▶ Establish an enterprise-wide IPO readiness roadmap
- ▶ Formalize corporate governance framework (including ESG considerations)
- ▶ Fine-tune business plan and equity story

### Provide ongoing support to newly public company

- ▶ Assist with SEC filings such as Forms 10-K, 10-Q, 8-K (including tax considerations)
- ▶ Support Sarbanes-Oxley (SOX) Act compliance
- ▶ Support technology assessments and system implementations
- ▶ Develop process improvement plans
- ▶ Advise on complex accounting requirements, internal audit co-sourcing, external auditor controls testing, digital audit readiness

### Advise on long-term value refinement

- ▶ We help you focus on future growth, including opportunities to invest in the core business, reduce leverage, improve working capital, expand and operationalize ESG, etc.

## EY professionals support (for SPACs and target companies)

### Complete all required buy-side and sell-side due diligence

- ▶ Execute buy-side due diligence for the SPAC and sell-side due diligence for the operating company including commercial, financial risk, human resources, IT, transaction tax, fairness opinions, etc.
- ▶ Provide a project management office (PMO) to support readiness assessments or road maps and timeline guidance or sequencing; working group coordination; governance and risk management; dependencies with other initiatives; and shareholder communications



# EY SPAC resources

## Guide to going public

Strategic considerations before, during and post-IPO

[Download](#)



### Why investors see growing opportunities with SPAC mergers

SPACs provide a streamlined pathway to take private companies public.



### How a SPAC merger could help your company finance its future

The growth of SPACs gives private company owners and entrepreneurs an efficient, rapid path to capital.



### Why companies are considering their options to enter public markets

The expanding popularity of non-traditional approaches to raising capital offers a variety of customized pathways to public markets.



### What you need to know about SPACs

SPACs have been around for decades, but they've rapidly grown in popularity as of late. Why is this and what do you need to know?

## Guide to going public

Strategic considerations before, during and post-IPO

[Download](#)



**IPO IPO Q2 2021: Global IPO activity continues record-breaking pace**



**How an IPO can strengthen family businesses for generations to come**



**How private businesses are reigniting growth**



**Why the CFO is integral to a successful IPO**




**How equity management can maintain intergenerational ownership**



**How the easing of lockdowns has impacted IPO activity**



A nighttime photograph of a cityscape featuring several illuminated domes and minarets, likely a mosque or religious site. The architecture is ornate with intricate patterns and colors like blue, gold, and green. The scene is lit up with warm yellow lights from the buildings and cooler blue and green lights from the domes and minarets. A yellow rectangular frame is overlaid on the left side of the image, containing text.

# Is your business story ready for the public spotlight?

As advisors to the ambitious, we support more companies  
that go public than any other Big Four organization.

**#AmbitionUnlocked #IPOreport**



EY teams dedicated MENA IPO teams with experience in executing IPO services across key exchanges in MENA and other international regions.



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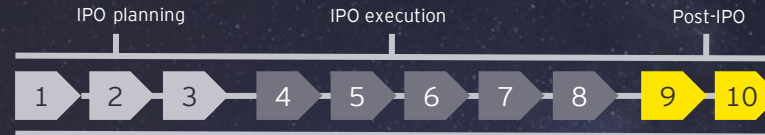
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## How EY's MENA IPO team can support you



- ▶ For any company considering an IPO on a MENA or international stock exchange, it is critical to map out the IPO value journey.
- ▶ As a first step to effective IPO planning, we recommend undertaking an IPO readiness diagnostic to identify the key gaps across several areas of the business when compared with the best practice and stock exchange requirements.
- ▶ A key output of the IPO readiness diagnostic is a detailed road map of activities to address the identified gaps, actioned with the assistance of EY professionals and other advisors.
- ▶ Effective IPO planning and execution will increase your chances of a successful IPO transaction, help improve your business, and save time and costs during the IPO journey.

## EY IPO services

- 1** IPO readiness diagnostic  
Includes various follow-up services to help address the IPO readiness gaps identified
- 2** IPO preparation  
Project management to help you better prepare (services include: support for business plan, IR strategy, HR, creation of KPIs, assistance with and review of IPO valuation models and support for specific IPO issues of tax accounting)
- 3** IPO execution services  
Dependent on listing destination, including: financial due diligence, working capital reports, feasibility studies, valuation services, financial positions and prospects, MD&A section of prospectus drafting, comfort letters and project management services



Appendix

5



# Appendix

## IPO activity per stock exchange

### Stock exchange IPO numbers

Stock exchange	IPOs Q2 2021	IPOs LTM Q2 2021	IPOs since 2018
Tadawul – Main Market	0	4	22
Tadawul – Nomu	0		2
ADX	0		0
DFM	0	1	1
EGX	1	1	9
Boursa Kuwait	0		2
MSX	0	1	5
QSE	0	1	3
Casablanca SE	0	1	3

Source: Refinitiv Eikon, S&P Capital IQ.





# Appendix

## List of MENA IPOs Q1 2018 to Q2 2021

Quarter	Issuer	Size (US\$m)	Sector	Exchange
Q2 2021	Taaleem Management Services	131.0	Education	EGX
Q1 2021	Theeb Rent a Car Company	137.6	Transport	Tadawul
Q1 2021	Alkhorayef Water & Power Technologies (AWPT)	144.0	Power and utilities	Tadawul
Q1 2021	Oman REIT Fund	13.2	REIT fund	MSX
Q4 2020	BinDawood Holding	584.2	Consumer staples	Tadawul
Q4 2020	Al Mal Capital REIT	95.3	REIT fund	DFM
Q4 2020	Q Life and Medical (QLM) Insurance Company	179.6	Health care	QSE
Q4 2020	Aradei Capital SA	65.9	Real estate	Casablanca SE
Q3 2020	Amlak International for Real Estate Finance	115.9	Real estate	Tadawul
Q1 2020	Dr. Sulaiman Al-Habib Medical Services Group Company	700.9	Health care	Tadawul
Q1 2020	Aman REIF	52.5	REIT fund	MSX
Q1 2020	Sumou Real Estate Co.	47.8	Real estate	Tadawul (Nomu)
Q1 2020	Emerald Real Estate Investments (EMRI)	13.0	Real estate	EGX

# Appendix

## List of MENA IPOs Q1 2018 to Q2 2021

Quarter	Issuer	Size (US\$m)	Sector	Exchange
Q4 2019	Saudi Arabian Oil Company (Saudi Aramco)	29428.5	Oil and gas	Tadawul
Q4 2019	Baladna Q.P.S.C.	395.6	Consumer products	QSE
Q4 2019	Shamal Az-Zour Al-Oula Power and Water Company	181.0	Power and utilities	Boursa Kuwait
Q4 2019	Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) S.A.E.	108.7	Provider care	EGX
Q4 2019	Boursa Kuwait	33.0	Banking and capital market	Boursa Kuwait
Q4 2019	Musandam Power Company SAOG	23.1	Power and utilities	MSX
Q3 2019	Fawry for Banking Technology and Electronic Payments S.A.E.	97.0	Technology	EGX
Q3 2019	Ataa Educational Company	93.0	Professional services	Tadawul
Q2 2019	Network International Holdings Limited	1400.0	Technology	LSE
Q2 2019	Arabian Centres Company Limited	658.7	Real estate management and development	Tadawul
Q2 2019	Finablr PLC	397.9	Technology	LSE
Q2 2019	Maharah Human Resources Company	207.0	Professional services	Tadawul



# Appendix

## List of MENA IPOs Q1 2018 to Q2 2021

Quarter	Issuer	Size (US\$m)	Sector	Exchange
Q2 2019	Shuaa REIT Fund	157.7	REIT fund	Tadawul
Q2 2019	Speed Medical Company	1.2	Health care	EGX
Q1 2019	Al Moammar Information Systems Co. (MIS)	57.6	Software and services	Tadawul
Q4 2018	Qatar Aluminium Manufacturing Company Q.P.S.C. (QAMCO)	758.7	Mining and metals	QSE
Q4 2018	Sarwa Capital Holding for Financial Investments	123.0	Financial services	EGX
Q4 2018	National Company for Learning & Education (NCLE)	65.9	Consumer services	Tadawul
Q4 2018	Alkhabeer REIT	63.3	REIT fund	Tadawul
Q4 2018	Mutandis SCA	42.5	Consumer goods	Casablanca SE
Q4 2018	APM Terminals Bahrain B.S.C.	32.0	Transport	Bahrain Bourse
Q4 2018	AOM Invest SpA	9.4	Leisure and tourism	Algeria SE
Q3 2018	Leejam Sports Company	217.9	Consumer services	Tadawul
Q3 2018	Cairo Investment & Real Estate Development Co. (CIRA)	69.5	Real estate	EGX

# Appendix

## List of MENA IPOs Q1 2018 to Q2 2021

Quarter	Issuer	Size (US\$m)	Sector	Exchange
Q3 2018	Dhofar Generating Company S.A.O.C. (DGC)	52.0	Power and utilities	MSX
Q3 2018	Tunisie Valeurs SA	7.9	Financial services	Tunis SE
Q2 2018	Mefic REIT Fund	234.5	REIT fund	Tadawul
Q2 2018	Shelf Drilling	225.0	Oil and gas	Oslo SE (Norway)
Q2 2018	Bonyan REIT Fund	173.7	REIT fund	Tadawul
Q2 2018	Swicorp Wabel REIT	94.4	REIT fund	Tadawul
Q2 2018	CI Capital Holding Co SAE	57.8	Financial services	EGX
Q2 2018	Immorente Invest S.A.	43.4	REIT fund	Casablanca SE
Q2 2018	RA International Group Plc	24.6	Construction	LSE (AIM)
Q2 2018	Arabia Falcon Insurance Co.	12.8	Insurance	MSX
Q2 2018	National Building and Marketing Co. (NBM)	8.6	Construction	Tadawul (Nomu)
Q1 2018	BPE Holding For Financial Investments	26.3	Financial services	EGX
Q1 2018	SEDCO Capital REIT Fund	173.3	REIT fund	Tadawul



# Appendix

## List of MENA IPOs Q1 2018 to Q2 2021

Quarter	Issuer	Size (US\$m)	Sector	Exchange
Q1 2018	Jadwa REIT Saudi Fund	126.4	REIT fund	Tadawul
Q1 2018	Al Rajhi REIT Fund	113.8	REIT fund	Tadawul
Q1 2018	Derayah REIT Fund	96.5	REIT fund	Tadawul
Q1 2018	AlNefaie-Umm Alqura REIT Fund	93.2	REIT fund	Tadawul

Source: Refinitiv Eikon, S&P Capital IQ.

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The current report provides insights, facts and figures on the MENA IPO market during Q2 2021.

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All values are US\$ unless otherwise noted.





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ED None

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