

MENA IPOs remain resilient in Q1 2024

MENA IPO Eye: Q1 2024

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About this report

EY MENA IPO Eye report is released every quarter and looks at the Initial Public Offerings (IPOs) markets, trends and outlook for the MENA region.

The current report provides insights, facts and figures on the MENA IPO market during Q1 2024.

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

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Q1 2024 started off on a positive note with a total of 10 IPOs raising US\$1.2b, of which nine companies were listed on the Tadawul across a variety of sectors, the largest being Modern Mills and MBC Group. The DFM welcomed their first listing in 2024, Parkin Company PJSC, which was 165 times oversubscribed raising US\$0.4b in proceeds.

The KSA continues to lead the pipeline activity for the MENA region, with several companies announcing their plans to list such as Saudi Manpower Solutions Company (SMASCO), Miahona and Panda Retail Company. The UAE also announced significant listings include Spinneys, Lulu Group and Etihad Airways.

Brad Watson

EY MENA Strategy and Transactions Leader

MENA IPO market summary

Key highlights: IPOs and direct listings

- ▶ MENA markets saw 10 IPOs during Q1 2024, raising US\$1.2b in proceeds. Although the number of IPOs remained the same as in Q1 2023, there was a decrease in proceeds of 66% compared with prior year (which included the mega IPO for ADNOC Gas raising proceeds of US\$2.5b). Parkin Company PJSC raised the highest proceeds in the quarter and contributed 37.2% of the overall IPO proceeds, followed by Modern Mills Company who contributed 27.3%.
- ▶ Globally, in Q1 2024, there have been 287 IPOs raising US\$23.7b, a 7% increase in funds raised y-o-y. However, the activity by number of IPOs displayed a 7% y-o-y decline, weighed down by the usually active Asia-Pacific region. Market participants are navigating uncertainties stemming from recent economic fluctuations, heightened geopolitical tensions and a global election year.
- ▶ Once again, the Kingdom of Saudi Arabia (KSA) dominated the region's IPO activity in terms of the number of listings (nine out of 10) in Q1 2024, raising US\$724m, with the highest proceeds from Modern Mills (US\$314m) followed by MBC Group (US\$222m) and Middle East Pharmaceutical Industries Company (US\$131m) which were listed on the Tadawul Main Market. The remaining six IPOs took place on the Nomu (total proceeds of US\$57m). In 2024, the IPO funds raised in the KSA have been sourced from a variety of sectors, such as health care, food and beverages, and media and entertainment.
- ▶ The Dubai Financial Market (DFM) welcomed one listing in Q1 2024, namely Parkin Company PJSC (raising US\$429m) in the government and infrastructure sector. This is the third RTA asset to have listed alongside Salik and Dubai Taxi Company (DTC).
- ▶ In Q1 2024, there were no IPOs from entities outside the Gulf Cooperation Council (GCC) region.
- ▶ Three out of the 10 IPOs offered a free float of more than 25% of the company's share capital. First-day returns were varied, with eight out of 10 listings in Q1 2024 registering a gain against the offer price. Of the Q1 2024 listings, share price performance of Parkin Company PJSC had the highest first-day gain of 35%.
- ▶ In Q1 2024, no direct listings occurred in the MENA region. However, on the 27 March 2024, the Capital Market Authority (CMA) board approved Arabian United Float Glass Company, Nass Petrol Factory Company and Miral Dental Clinics for direct listings on the Nomu market. The CMA's approval is valid for six months from the resolution date and will be canceled if the listing is not completed within the timeframe.
- ▶ Despite the ongoing and challenging geopolitical environment in MENA, there has not yet been any sign of a slowdown in IPO activity. An additional 25 private companies and 10 funds intend to list on the MENA exchanges in 2024, across various sectors. In GCC, notable companies that have announced their listing plans include Lulu Group, Spinneys and Etihad Airways PJSC who have declared their intention to list. Meanwhile, in the KSA, Dr. Soliman Abdulkader Fakeeh Hospital Co, Miahona Company and SMASCO have obtained approval from the CMA. The KSA leads with 21 announced IPOs followed by one company in the United Arab Emirates (UAE). Outside GCC, Raya Information Technology in Egypt and Credit Populaire d'Algerie in Algeria have announced their IPOs.

Note: Change y-o-y reflects Q1 2023 vs. Q1 2024.

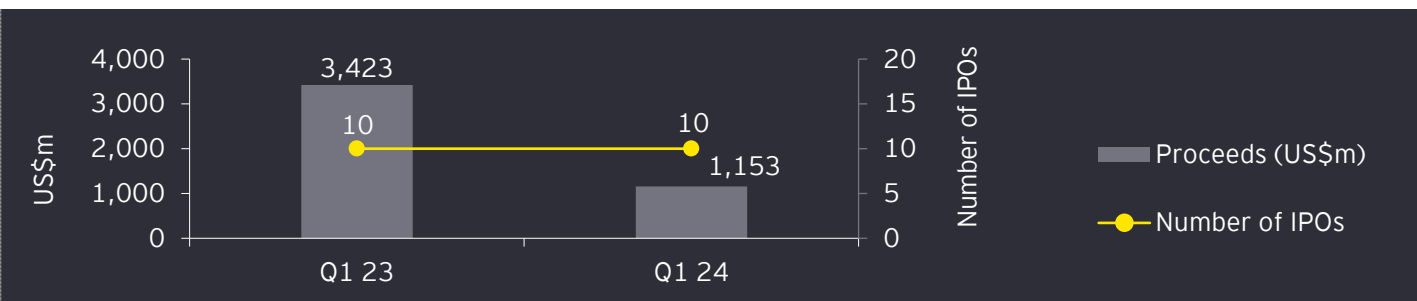
Sources: Refinitiv Eikon, S&P Capital IQ.

MENA IPO market summary (Cont.)

Key highlights: IPOs and direct listings (Cont.)

- ▶ The success and continued demand of regional listings is once again proven by investor's reaction to the upcoming or very recent deals:
 - ▶ The Spinney's IPO was oversubscribed by 64 times with the company increasing its retail offering from 45 million shares to 63 million shares. Spinneys is expected to commence trading on Thursday 9 May 2024.
 - ▶ Dr. Soliman Abdulkader Fakeeh Hospital Co. shares were all sold out in an hour with the hospital group selling 30m shares with the price range set between 53 riyals to 57.5 riyals per share. The retail offering is expected to run from 21 to 22 May 2024.
 - ▶ The first day (2 May 2024) trading share price of Agility Global's on the ADX performed strongly with the share price opening at 1.48 dirhams per share, a 300% increase compared to the reference price of 0.37 dirhams per share.
- ▶ The DFM officially launched ARENA, a platform for Dubai's Private Market for capital raising, listing and investments. The platform provides private companies, including family conglomerates, and small to medium sized businesses at various growth stages to access capital, whether it be debt or equity. This initiative demonstrates the region's ongoing efforts and focus on further developing the capital markets infrastructure, increasing liquidity and strengthening the future IPO pipeline.
- ▶ The UAE has issued mandatory Environmental Social, and Governance (ESG) reporting guidelines for listed companies on the Abu Dhabi Securities Exchange (ADX) landscape which is a significant step toward enhancing transparency and promoting sustainable practices in the region's financial markets. The MSX has introduced voluntary ESG disclosure guidelines in 2023, with mandatory sustainability reporting expected to be implemented by 2025. The Green Initiative of Saudi Arabia aims to plant 10 billion trees by 2030, demonstrates a commitment to environmental protection and a shift toward renewable energy sources. By embracing ESG reporting, GCC can unlock sustainable growth, attract responsible investments and contribute to a greener global economy.

MENA IPO activity



Note: Change y-o-y reflects Q1 2023 vs. Q1 2024.

Sources: Refinitiv Eikon, S&P Capital IQ.

MENA IPO overview

	Change y-o-y
Q1 2024	
10	0%
IPOs	IPOs
US\$1.2b	-66%
proceeds	proceeds

1

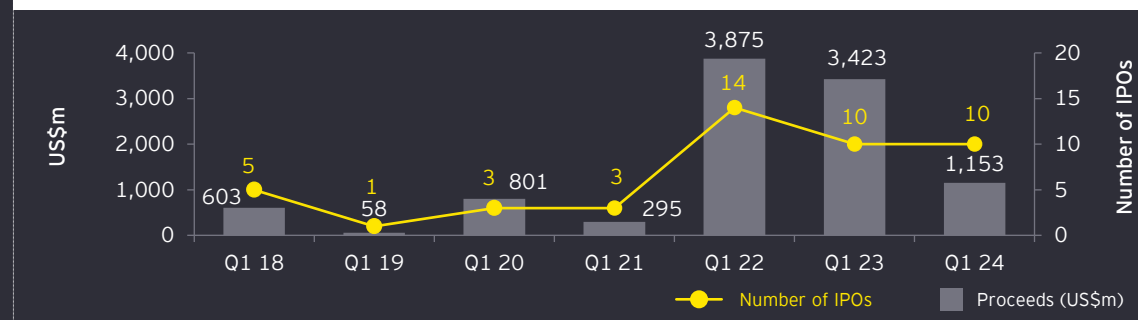
MENA IPO market

MENA IPO market snapshot

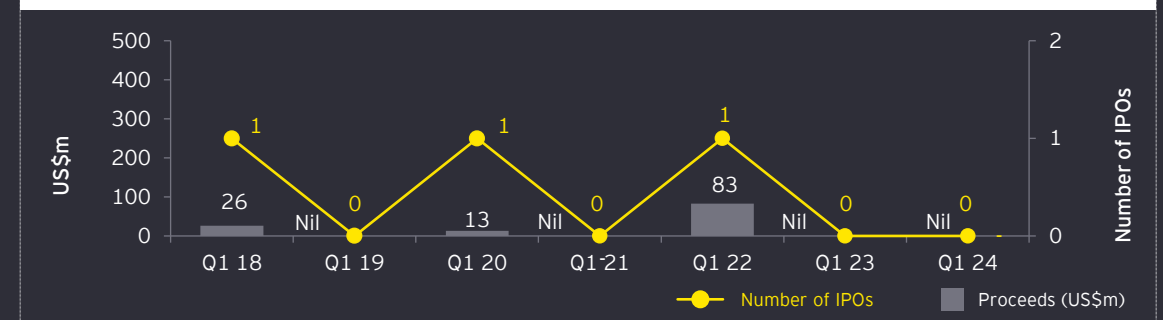
MENA IPO activity (Q1 2018 to Q1 2024)



GCC IPOs (Q1 2018 to Q1 2024)



Non-GCC IPOs (Q1 2018 to Q1 2024)



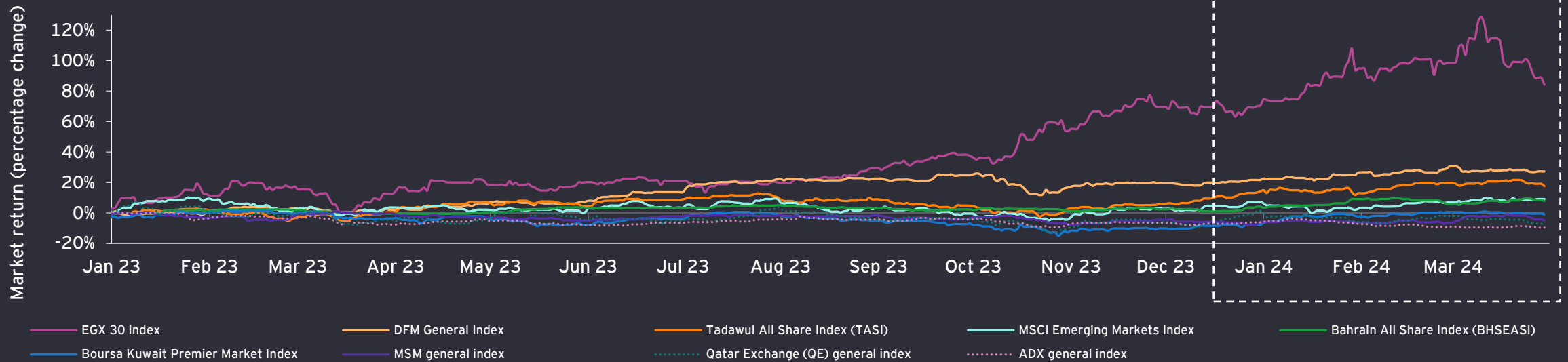
Notes: IPOs, including REIT listings, have been considered in each quarter based on the listing date.

*Saudi Aramco listing.

Sources: Refinitiv Eikon, S&P Capital IQ.

MENA equity markets

MENA exchange performance



Sources: Refinitiv Eikon.

- ▶ In Q1 2024, MENA stock exchanges exhibited varied performance, with seven exchanges closing the quarter with a gain, while two ended with losses.
- ▶ Despite the continued devaluation of the Egyptian pound against the US dollar by 53% in Q1 2024, Egypt's EGX30 emerged as the top performer in the MENA region with an 8% gain during Q1 2024.
- ▶ The Boursa Kuwait Premier Market Index closed Q1 2024 strongly, posting a gain of 7.5% and becoming the top-performing market in GCC for 2024. This was followed by the DFM, which closed with a 4.6% gain for Q1 2024.
- ▶ Qatar Exchange General Index was the worst-performing market, closing at a 9.1% decline for Q1 2024. The ADX also registered a decline in its performance of 3.4% for Q1 2024.
- ▶ At the end of Q1 2024, eight out of the 10 MENA IPOs had shown a positive return on the 31 March 2024 share price compared with their IPO price, with MBC Group achieving the highest gain at 128% within that period.

MENA IPO performance in Q1 2024

Ten companies listed in Q1 2024 in the MENA region, across sectors

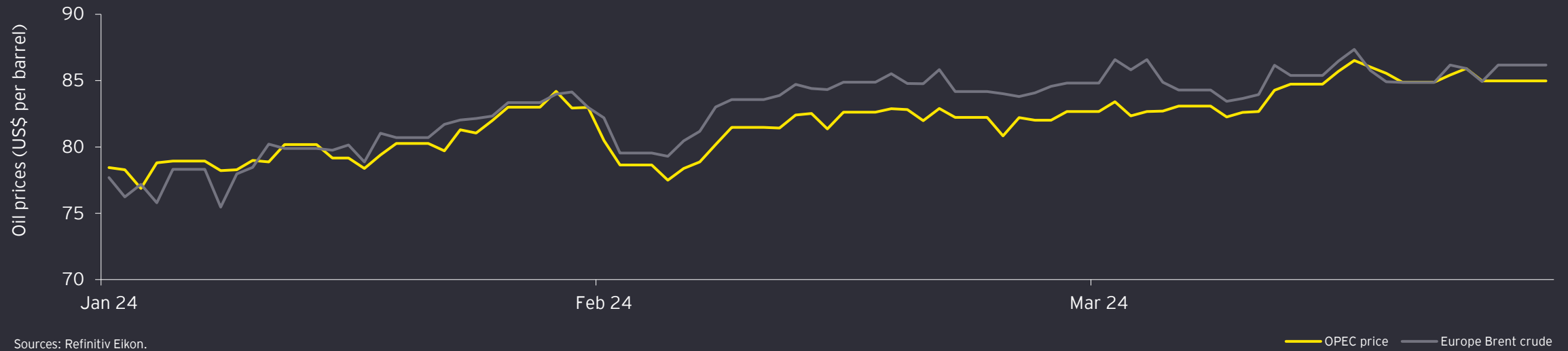
Listing date	Issuer	IPO proceeds (US\$m)	IPO price (US\$)	First-day return	Share price performance percentage*	Equity offered	Sector	Exchange
8 Jan 2024	MBC Group	221.6	6.7	30%^	128%	10%	Media and entertainment	Tadawul
18 Feb 2024	Pan Gulf Marketing Company	8.2	13.6	2%	4%	12%	Commercial and professional services	Tadawul (Nomu)
21 Feb 2024	WSM Company	5.1	13.1	27%	17%	20%	Software and services	Tadawul (Nomu)
25 Feb 2024	Almodawat Specialized Medical Company	14.1	29.6	-5%	-1%	20%	Health care services and equipment	Tadawul (Nomu)
27 Feb 2024	Middle East Pharmaceutical Industries Company	131.2	21.9	30%^	79%	30%	Pharma, biotech and life sciences	Tadawul
7 Mar 2024	Quara Finance	10.6	4.0	30%^	7%	9%	Financial services	Tadawul (Nomu)
21 Mar 2024	Parkin Company PJSC	428.7	0.6	35%	39%	25%	Transportation	DFM
26 Mar 2024	AlMohafaza Company for Education	7.7	4.8	6%	21%	20%	Consumer services	Tadawul (Nomu)
27 Mar 2024	Modern Mills	314.2	12.8	30%^	29%	30%	Food and beverages	Tadawul
28 Mar 2024	Taqat Mineral Trading Co	11.7	4.8	-4%	-3%	20%	Materials	Tadawul (Nomu)

Share price performance calculation: IPO price as compared with the closing price on 31 March 2024. "+" or "-" indicates change compared with the offer price at IPO.

^Indicates maximum daily price fluctuation limit was reached. Sources: Refinitiv Eikon, S&P Capital IQ and stock exchange disclosures.

Oil price performance

OPEC and Brent oil price



- ▶ Q1 2024 Organization of the Petroleum Exporting Countries (OPEC) and Brent crude prices remained firm, in line with the 2023 average price of US\$82/bbl. The prices for the quarter averaged out at US\$82/bbl (OPEC) and US\$83/bbl (Brent).
- ▶ The strong prices have been driven partially by non-OPEC crude oil production remaining essentially flat (-1.5%) q-o-q in Q1 2024, coming in at 69.9 mmb/d coupled with the additional 2.2 mmb/d of production cuts announced by OPEC+ for 2024, taking the total OPEC+ production cuts to 3.7 mmb/d. In Q1 2020, the global oil inventories have gone down by about 300 mmb/d to reach 3975 mmb/d in Q1 2024 which is approximately 70 mmb/d below the five-year quarterly average). This decrease in oil supply has caused oil and gas prices to rise and led to market tightness..
- ▶ In short to medium term, Saudi Arabia's decision to cancel its planned capacity expansion from 12 mmb/d to 13 mmb/d will lead to OPEC production witnessing limited increase to 2027. This coupled with the increase in global oil demand, which is expected to rise by an approximate 2% between 2024 and 2027 to reach 105.3 mmb/d, will continue to put pressure on the prices. As per EIA, the tighter oil markets will keep the Brent price slightly above current levels in H2 2024 and 2025 with Brent crude prices expected to average US\$87.00/bbl in 2024 and US\$84.80/bbl in 2025.

Sources: Refinitiv Eikon, Energy Information Association (EIA) and analyst reports.

MENA IPO market

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The MENA IPO market continued to be dominated by the KSA and the UAE markets in Q1 2024 with no IPOs from the rest of the region. While the number of IPOs remained in line with Q1 2023, the proceeds were 66% lower, due predominantly to the large ADNOC Gas Plc listing in Q1 2023, with 60% of the quarter's IPOs taking place on the Nomu market.

The successful IPO of Parkin Company PJSC on the DFM demonstrated the continued commitment toward the privatization program from the Dubai government to list state-owned companies.

Gregory Hughes

EY MENA IPO Leader

Companies and investors should look out for ...



IPO candidates looking to go public will need to be well prepared

Demonstrate resilience through innovative business models, agility in navigating supply chain constraints and macroeconomic challenges, strong working capital management, and the ability to adapt to new ways of doing business by embracing technology and AI applications.

Be realistic and flexible about valuations, considering post-IPO share price performance and the increasing interest rates.

Conduct extensive pre-marketing and pre-IPO funding, including cornerstone investors, to mitigate uncertainty and improve pricing leverage.

Consider the impact of geopolitical risks, macroeconomic factors and the changing regulatory environment.

Be able to clearly articulate and disclose an embedded ESG strategy and culture, ranging from climate change mitigation initiatives to promoting board and management diversity.

Understand the different requirements of each IPO market that companies plan to enter to meet investors' expectations and avoid potential delays due to regulatory issues.

Consider all options, including an alternative IPO processes (direct listing or de-SPAC merger) and other financing methods (private capital, debt or trade sale).

IPO readiness assessment: how EY teams help companies prepare for an IPO

Are you prepared?

- ▶ Once you have decided to go public, it's necessary to map out all the steps involved. Advance preparation and planning are critical. Unpredictable IPO markets make dual tracking, IPO readiness and internal preparation are 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 corporate culture. As a public company, you will be subjected 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, with an IPO readiness assessment in many cases.

What are the objectives and values of the EY IPO readiness assessment?

The EY IPO readiness assessment 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 and what it takes to win in the capital markets.

Typical objectives are:

- ▶ Define an IPO base case that would become important information for the assessment.
- ▶ Identify IPO readiness gaps and assess the efforts required to get ready.
- ▶ Train key people on IPO leading practices and regulatory requirements.
- ▶ Prioritize 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 with an EY IPO readiness assessment.

EY 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.

EY IPO readiness assessment

1

Strategy

- ▶ IPO equity story
- ▶ IPO destination
- ▶ Issue concept

2

Structures

- ▶ Issuing company
- ▶ Group structure
- ▶ Governance and legal

3

Taxes

- ▶ Company level
- ▶ Shareholder level
- ▶ Transaction level

4

Timeline

- ▶ IPO timeline and regulatory approval
- ▶ Plan B options
- ▶ Project management and resources

5

Financial

- ▶ External and internal reporting
- ▶ Business plan and forecasting
- ▶ Prospectus
- ▶ Nonfinancial metrics

6

Leadership

- ▶ C-suite
- ▶ Board of directors
- ▶ Subcommittees
- ▶ Remuneration

7

Functions

- ▶ Investor relations
- ▶ Compliance
- ▶ Legal
- ▶ Risk management
- ▶ HR

8

Systems

- ▶ Internal controls and audit
- ▶ Enterprise risk
- ▶ Compliance management
- ▶ IT security

9

ESG and sustainability

- ▶ ESG, CSR and HSE
- ▶ Strategy
- ▶ Policies
- ▶ Team

2

Appendix

MENA IPO activity per stock exchange

IPO activity per stock exchange

Stock exchange	IPOs Q1 2024	IPOs LTM ¹ Q1 2024	IPOs since 2018 ²
Tadawul	3	10	57
Tadawul (Nomu)	6	29	58
ADX	0	4	13
DFM	1	3	9
EGX	0	0	11
Boursa Kuwait	0	0	2
MSX	0	1	10
Bahrain SE	0	0	1
QSE	0	1	4
Casablanca SE	0	0	6
Tunis SE	0	0	3

Notes:

1. Last 12 months (LTM).

2. Up to 31 March 2024.

3. Excludes direct listings.

Sources: Refinitiv Eikon and S&P Capital IQ.

Contact details



Gregory Hughes

EY MENA IPO Leader
Partner, EY Consulting LLC, Dubai
gregory.hughes@ae.ey.com



Mayur Pau

Partner, MENA Financial Services,
EY Consulting LLC, Dubai
mayur.pau@ae.ey.com



Zaki Sumar

Partner, MENA CPR,
Ernst & Young Professional Services, Riyadh
zaki.sumar@sa.ey.com



Mukeet Iqbal

EY MENA IPO Director,
Ernst & Young Professional Services,
Riyadh
mukeet.iqbal@sa.ey.com



Humara Suleman

EY MENA IPO Director,
EY Consulting LLC, Dubai
humara.suleman@ae.ey.com



Meera Kohli

EY MENA IPO Senior Manager,
EY Consulting LLC, Dubai
meera.kohli@ae.ey.com

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