



MENA IPO outlook remains cautiously optimistic

MENA IPO Eye: Q3 2024

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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 Q3 2024.

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All values are US\$ unless otherwise noted.

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MENA IPO market

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In Q3 2024, companies raised proceeds of US\$0.93b, which was 76.8% higher than prior year – primarily driven by the \$877m fundraise of NMDC Energy PJSC through its listing on the Abu Dhabi Securities Exchange (ADX). Despite the ongoing and challenging geopolitical environment in the MENA region, the IPO pipeline remains robust. We can expect to see a number of IPOs in the final quarter across a variety of sectors.

Brad Watson

EY MENA Strategy and Transactions Leader

MENA IPO market summary

Key highlights: IPOs and direct listings

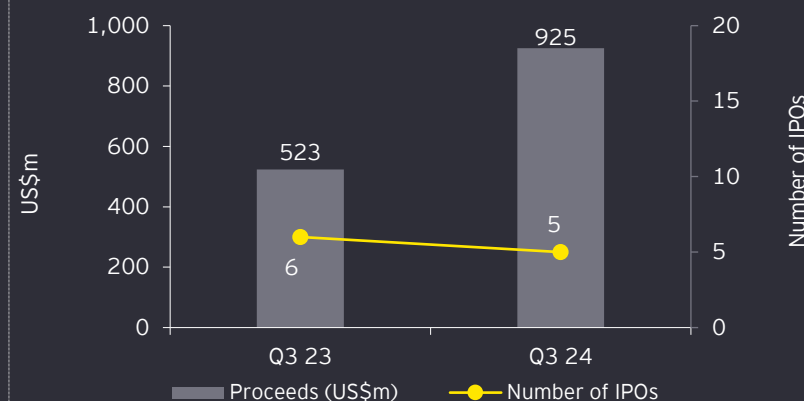
- ▶ The MENA markets saw five initial public offerings (IPOs) during Q3 2024, raising US\$0.93b in proceeds. Although the number of IPOs decreased compared with Q3 2023 (six IPOs), there was a significant increase in proceeds of 76.8%.
- ▶ In Q3 2024, the global IPO market overall experienced a mild slowdown, with market participants adopting a cautious approach in the face of escalating uncertainties. The number of IPOs declined by 14% and proceeds declined by 35%, from US\$38.3b to US\$24.9b, compared with Q3 2023.
- ▶ The Abu Dhabi Securities Exchange (ADX) welcomed the largest offering of the quarter in the MENA region with NMDC Energy PJSC raising US\$877m and contributing 94.8% of the overall IPO proceeds, specializing in EPC solutions and marine construction.
- ▶ The Kingdom of Saudi Arabia (KSA) continued to dominate the region's IPO activity in terms of the number of listings (three out of five) in Q3 2024, raising US\$27m, with the highest proceeds from Tharwah Human Resources Company (US\$12m) followed by ASG Plastic Factory Company (US\$9m) and Al Ashghal Almoysra Company (US\$6m) which were listed on the Tadawul Nomu Market. In Q3 2024, funds raised in the KSA have mainly come from the commercial and professional services sectors followed by materials.
- ▶ In Q3 2024, the non-GCC region recorded its first IPO for the year on the Egyptian Exchange (EGX). Act Financial was listed on the EGX (the first listing in the last two years) with a free float of 32%.
- ▶ Three out of the five IPOs offered a free float of more than 20% of the company's share capital. First-day returns were varied, with four out of five listings in Q3 2024 registering a gain versus the offer price. Of the Q3 2024 listings, share price performance of Act Financial had the highest first day gain of 30%.
- ▶ In Q3 2024, the MENA region witnessed two direct listings on the Nomu Market. Naas Petrol Factory Co. was listed on 28 August 2024, followed by Arabian United Float Glass Co. on 18 September 2024.
- ▶ Despite the challenging geopolitical environment in the MENA region, the markets are still exhibiting a strong IPO pipeline. An additional 11 private companies and five funds intend to list on the MENA exchanges in 2024 across various sectors. In the GCC, notable companies that have made announcements regarding their listing plans include Lulu Group International on the ADX in Q4 2024, Talabat Middle East FZ LLC on the Dubai Financial Market (DFM) and OQ Exploration & Production LLC on the Muscat Stock Exchange (MSX). Meanwhile, in the KSA, Tamkeen Human Resources Co, Arabian Company for Agricultural and Industrial Investments and Nice One Beauty Digital Marketing Co have obtained approval from the Capital Market Authority (CMA).
- ▶ Q4 2024 is already off to a good start with Al Majed for Oud Company SJSC and Arabian Mills For Food Products Co being listed on the Tadawul Main Market and First Avenue For Real Estate Development Co listed on the Tadawul Nomu Market.
- ▶ Environmental, social, and governance (ESG) goals still remain high on the agenda. The UAE has enacted a law that will become effective in May 2025, requiring companies to report carbon emissions. It also requires companies to comply with decarbonization strategies and implement solutions such as renewable energy, and carbon offsetting. The law applies to all sectors, including free zones. It also sets penalties for noncompliance. It encourages research and development, and establishes a carbon credit registry to facilitate carbon trading. This aligns with the UAE's commitment to reduce climate change impacts and achieve its net-zero goals for 2050.

MENA IPO overview

Q3 2024	YTD 2024
Five	29
IPOs	IPOs
US\$0.93b	US\$4.7b
proceeds	proceeds
Change y-o-y	Direct listings Q3 2024
-16.7%	Two
IPOs	Direct listings YTD 2024
76.8%	Five
proceeds	

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

MENA IPO activity



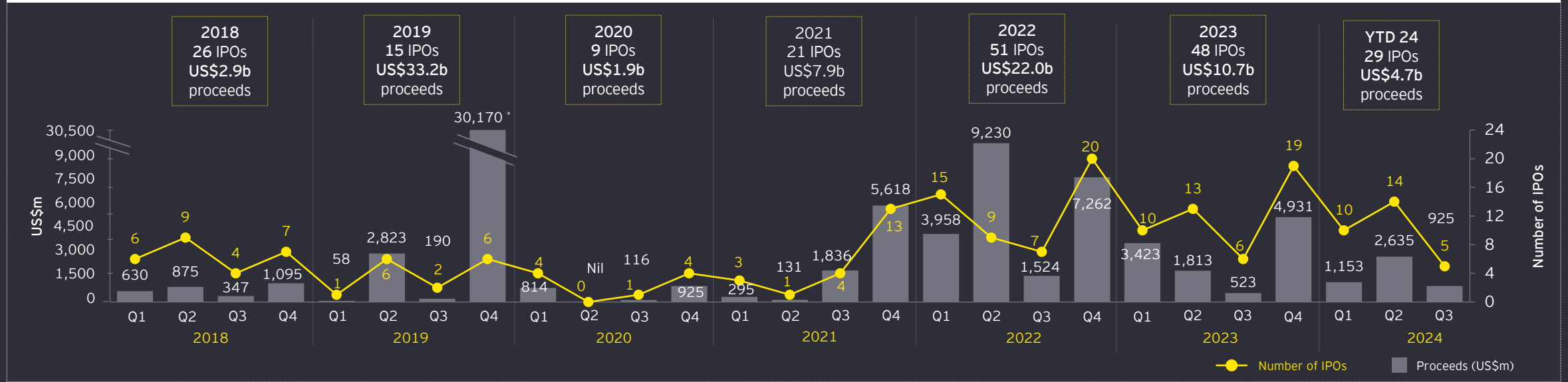
Sources: Refinitiv Eikon, S&P Capital IQ.

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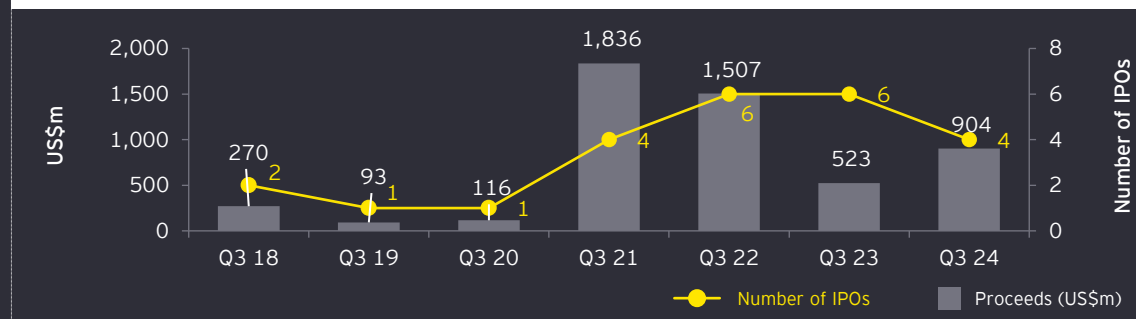
MENA IPO market

MENA IPO market snapshot

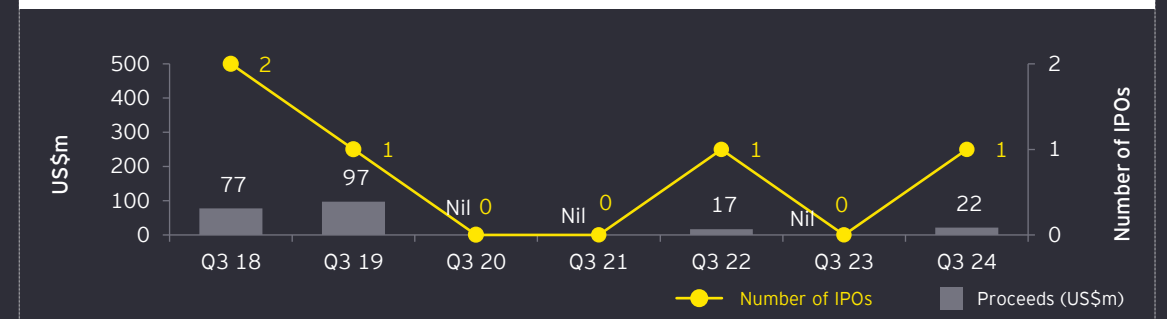
MENA IPO activity (Q1 2018 to Q3 2024)



GCC IPOs (Q3 2018 to Q3 2024)



Non-GCC IPOs (Q3 2018 to Q3 2024)



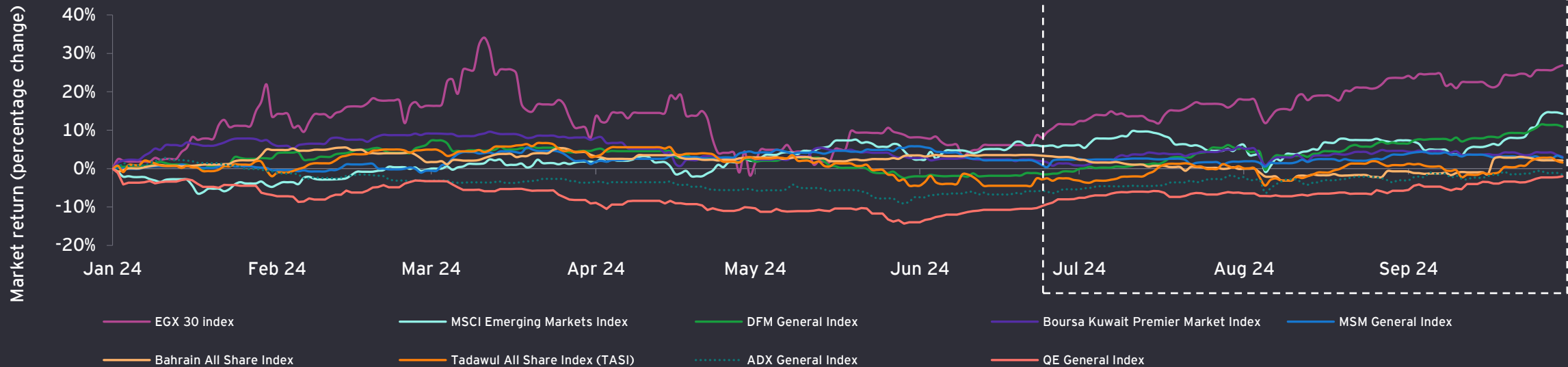
Notes: IPOs, including REIT listings, have been considered in each quarter based on the listing date.

*Saudi Aramco listing.

Sources: Refinitiv Eikon, S&P Capital IQ.

MENA equity markets

MENA exchange performance



Sources: Refinitiv Eikon.

- ▶ In Q3 2024, MENA stock exchanges exhibited varied performance. Seven exchanges closed this quarter with gains and two registered losses compared with the start of the year.
- ▶ Egypt's EGX30 index closed Q3 2024 with a 26.8% increase from January 2024, ranking it as the highest-performing index in the MENA region for Q3 2024.
- ▶ MSCI Emerging Markets Index closed Q3 2024 with a gain of 14.3% compared with the beginning of the year, making it the top-performing market in the GCC followed by the DFM General Index with a gain of 10.9%.
- ▶ In Q3 2024, Boursa Kuwait Premier Market Index was up 3.1%, MSM General Index rose 2.8%, Bahrain All Share Index increased by 2.1% and Tadawul All Share Index (TASI) gained 1.6%. However, ADX General Index fell by 1.6% and QE General Index declined by 2% from January 2024.
- ▶ At the end of Q3 2024, four out of the five MENA IPOs had shown a positive return as of 30 September 2024 share price compared with their IPO price, with Act Financial achieving the highest gain at 16.3% within the period followed by Al Ashghal Almoysra Company at 16%.

MENA IPO performance in Q3 2024

Five companies listed in Q3 2024 in the MENA region, across a variety of sectors.

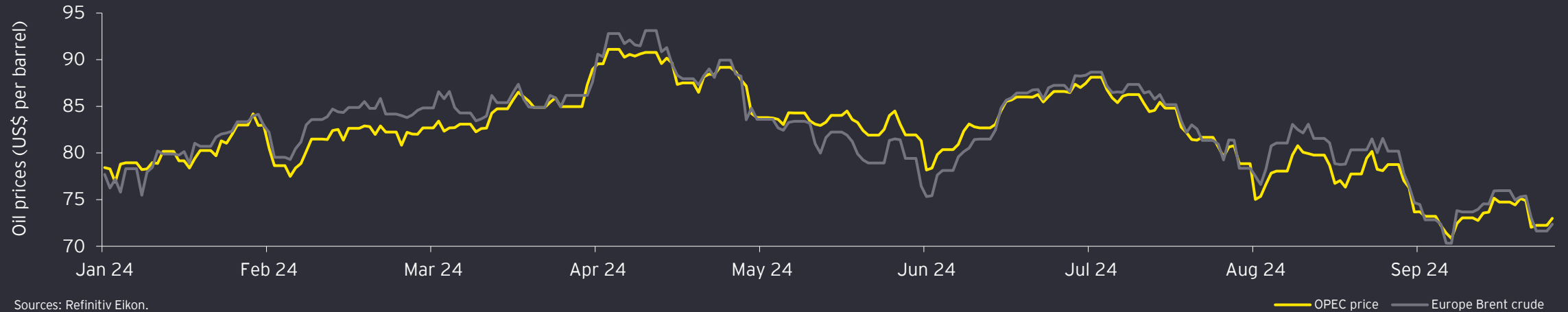
Listing date	Issuer	IPO proceeds (US\$m)	IPO price (US\$)	First-day return	Share price performance percentage*	Equity offered	Sector	Exchange
11 Sep 2024	NMDC Energy PJSC	876.7	0.8	8%	8%	23%	Energy and fossil fuels	ADX
27 Aug 2024	Tharwah HR Company	11.7	16.5	-7%	-14%	15%	Commercial and professional services	Tadawul (Nomu)
18 Aug 2024	ASG Plastic Factory Company	8.8	11.7	11%	11%	10.6%	Materials	Tadawul (Nomu)
31 Jul 2024	Act Financial	21.5	0.1	30%	16%	32%	Financials	EGX
24 Jul 2024	Al Ashghal Al Moysra Company	6.4	13.3	4%	16%	20%	Commercial and professional services	Tadawul (Nomu)

Share price performance calculation: IPO price compared with the closing price on 30 September 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



- ▶ In Q3 2024, Organization of the Petroleum Exporting Countries (OPEC) and Brent crude prices reduced from Q2 2024 average price of US\$85 per barrel (/bbl) to US\$79.5/bbl approximately.
- ▶ After having peaked in mid-April 2024 by reaching US\$93/bbl due to the ongoing geopolitical tensions, crude prices showed a downward trajectory in Q3 2024. This was primarily driven by oversupply fears on the back of weaker demand growth from China. With the EV sales in the country having recently topped at 50% and inroads being made by LNG trucks, the demand in the country for transportation fuels such as gasoline and diesel have been under pressure. This has led to curtailment in crude oil demand growth rates in China by approximately 0.33 million barrels per day (Mbb/d) between May and September 2024. Its impact was also visible on global oil balances which improved from -0.8Mbb/d in Q2 2024 to -0.6Mbb/d in Q3 2024. This occurred despite being under pressure from the supply side in August 2024 due to a reduction in output of approximately 0.2Mbb/d month-on-month (m-o-m) from Libya and Kazakhstan and of approximately 0.1Mbb/d from Russia.
- ▶ As per the International Energy Agency (IEA), in Q4 2024, the oil balance is expected to tilt toward a surplus of 0.1Mbb/d. However, the decision by US Federal Reserve to cut interest rates by 0.5 basis points to a target of 4.75% to 5% range has the potential to stimulate the oil demand in the quarter. As such, the oil prices are expected to balance within a range of US\$75/bbl to US\$80/bbl through the rest of 2024.
- ▶ In 2025, with the global oil demand growth expected to remain muted at around 1.1Mbb/d year-on-year (y-o-y) and additional non-OPEC+ supplies of around 1.6Mbb/d expected to come online, the market is likely to tip to a surplus of approximately 0.7Mbb/d by 2025 even without accounting for the proposed 2.5Mbb/d production ramp up by OPEC between December 2024 and 2025. This is expected to weigh down the prices. On the other side, any substantial fall in crude oil prices in the short to medium term will be offset by uncertainties around Libyan oil production of 1Mbb/d, which on several occasions since 2010, has plunged toward zero. Further, ongoing conflicts in other oil producing regions such as Russia and Iran, which had contributed to approximately 30% (around 12.5Mbb/d) of the total OPEC+ supply in August 2024, also has the potential to increase the risk premiums built into the oil prices. Resultantly, as per various analysts*, Brent oil price will witness a marginal decline to settle between US\$70/bbl to US\$75/bbl in 2025.

Sources: Refinitiv Eikon, International Energy Agency (IEA), analyst reports and EY Sector Insights analysis; *Analysts include Jefferies, Bank of America, ABG Sundal Collier, UBS and Barclays.

MENA IPO market

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Q3 is typically a quieter quarter in terms of activity after the summer. However, the MENA region still witnessed five IPOs in Q3 2024, including the first listing on the EGX since 2022.

Saudi Arabia continues to lead the IPO activity in the region. The Tadawul Nomu market has become an attractive option allowing improved fundraising opportunities for the growing small and medium-sized (SME) sector. For the MENA region, it is now the stock exchange with the largest number of IPOs in 2024.

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.

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 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 highly 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

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Appendix

MENA IPO activity per stock exchange

IPO activity per stock exchange

Stock exchange	IPOs Q3 2024	IPOs LTM ¹ Q3 2024	IPOs since 2018 ²
Tadawul	0	10	62
Tadawul (Nomu)	3	27	67
ADX	1	5	15
DFM	0	3	10
EGX	1	1	12
Boursa Kuwait	0	1	3
MSX	0	1	10
Bahrain SE	0	0	1
QSE	0	0	4
Casablanca SE	0	0	6
Tunis SE	0	0	3

Notes:

1. Last 12 months (LTM).

2. Up to 30 September 2024.

3. Excludes direct listings.

Sources: Refinitiv Eikon and S&P Capital IQ.

MENA IPO performance in Q2 2024

Fourteen companies listed in Q2 2024 in the MENA region, across a variety of sectors.

Listing date	Issuer	IPO proceeds (US\$m)	IPO price (US\$)	First-day return	Share price performance percentage*	Equity offered	Sector	Exchange
9 May 2024	Qomel Company	10.7	21.3	0%	51%	14%	Health care services and equipment	Tadawul (Nomu)
9 May 2024	Spinneys 1961 Holding Plc	374.9	0.4	5%	3%	25%	Consumer non-cyclicals	DFM
23 May 2024	Mohammad Hadi Al Rasheed Company	10.8	7.5	14%	178%	12%	Materials	Tadawul (Nomu)
2 Jun 2024	Horizon Educational company	7.2	14.4	1%	27%	20%	Consumer services	Tadawul (Nomu)
5 Jun 2024	Dr. Soliman Abdul Kader Fakeeh Hospital Co.	763.5	15.3	10%	2%	21%	Health care services and equipment	Tadawul
6 Jun 2024	Miahona Company	148.0	3.1	30%^	163%	30%	Utilities	Tadawul
11 Jun 2024	Beyout Investment Group Holding Co KSC	146.7	1.6	4%	-16%	30%	Industrial and commercial services	Kuwait SE
12 Jun 2024	Alef Education Consultancy LLC	514.6	0.4	-13%	-13%	20%	Academic and educational services	ADX
12 Jun 2024	Saudi Manpower Solutions Company (SMASCO)	240.0	2.0	21%	18%	30%	Commercial and professional services	Tadawul
13 Jun 2024	Al Taiseer Group TALCO Industrial Company	137.6	11.5	14%	38%	30%	Mineral resources	Tadawul
13 Jun 2024	Rasan Information Technology Company	224.3	9.9	30%^	70%	30%	Insurance	Tadawul
25 Jun 2024	Neft Alsharq for Chemical Industry Company	4.8	1.0	14%	8%	20%	Materials	Tadawul (Nomu)
26 Jun 2024	Yaqeen Capital Company	32.0	10.7	-19%	-39%	20%	Financial services	Tadawul (Nomu)
27 Jun 2024	Leaf Global Environmental Services Company	20.0	13.3	-6%	96%	30%	Commercial and professional services	Tadawul (Nomu)

Share price performance calculation: IPO price compared with the closing price on 30 September 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.

MENA IPO performance in Q1 2024

Ten companies listed in Q1 2024 in the MENA region, across a variety of 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 Company	221.6	6.7	30%^	92%	10%	Media and entertainment	Tadawul
18 Feb 2024	Pan Gulf Marketing Company	8.2	3.6	2%	-50%	12%	Commercial and professional services	Tadawul (Nomu)
21 Feb 2024	WSM Digitalization & Transformation Company	5.1	13.1	27%	-25%	20%	Software and services	Tadawul (Nomu)
25 Feb 2024	Almodawat Specialized Medical Hospital Company	14.1	29.6	-5%	-87%	20%	Health care services and equipment	Tadawul (Nomu)
27 Feb 2024	Middle East Pharmaceutical Industries Company	131.2	21.9	30%^	71%	30%	Pharma, biotech and life sciences	Tadawul
7 Mar 2024	Quara Finance Company	10.6	4.0	30%^	-3%	9%	Financial services	Tadawul (Nomu)
21 Mar 2024	Parkin Company PJSC	428.7	0.6	35%	82%	25%	Transportation	DFM
26 Mar 2024	AlMohafaza Company for Education	7.7	4.8	6%	17%	20%	Consumer services	Tadawul (Nomu)
27 Mar 2024	Modern Mills Company	314.2	12.8	30%^	1%	30%	Food and beverages (F&B)	Tadawul
28 Mar 2024	Taqat Mineral Trading Co	11.7	4.8	-4%	-38%	20%	Materials	Tadawul (Nomu)

Share price performance calculation: IPO price compared with the closing price on 30 September 2024. "+" or "-" indicates change compared with the offer price at IPO.

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About this report

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