

A hand is pointing at a financial chart on a tablet screen. The chart displays various data series in green, red, and blue. The background is a blurred image of a person's hand holding a pen over a document.

# MENA IPO momentum to continue into 2024 backed by strong pipeline

MENA IPO Eye: Q3 2023 report

[ey.com](https://ey.com)



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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 2023. 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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Investor confidence in the region continues with 21 out of the 29 YTD 2023 IPOs ending Q3 2023 with a gain in share price performance since listing.

Listing activity continues to be driven by the dominant economies of KSA and UAE who are pursuing their strategic agenda of increasing capital market activity on the local exchanges and increasingly attracting foreign investment.

**Brad Watson**

EY MENA Strategy and Transactions Leader

# MENA IPO market summary

## Key highlights: IPOs and direct listings

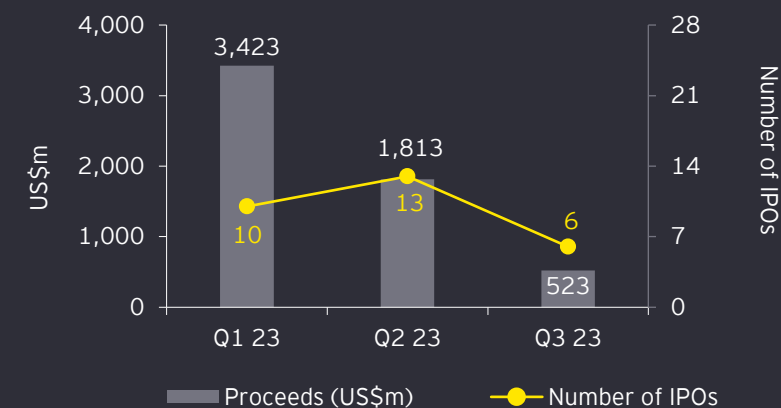
- ▶ MENA markets saw six initial public offerings (IPOs) during Q3 2023 raising US\$523m in proceeds. This represented a 14% decrease in the number of IPOs and a 66% decrease in proceeds compared with Q3 2022 (which had the sizeable IPOs of Salik Company PJSC and Alamar Foods Company). In addition, Sumou Real Estate Co. (listed in Q1 2020 on Tadawul (Nomu) moved from Nomu to the Tadawul main market in September 2023.
- ▶ At the end of Q3 2023 there have been a total of 29 IPOs (6% y-o-y decrease) in MENA raising US\$5.8b, a 61% decrease in funds raised y-o-y. Despite the lower levels of proceeds from MENA IPOs y-o-y, sentiment (particularly driven by the KSA) remains positive from an IPO pipeline standpoint.
- ▶ Saudi Arabia dominated the region's IPO activity in terms of the number of listings (five out of the six) in Q3 2023, with the highest proceeds from Lumi Rental Co (US\$291m) which listed on the Tadawul main market. The remaining four IPOs took place on Nomu (total proceeds of US\$39m). As part of Vision 2030, Saudi Arabia is continuing to focus on diversification by reducing its focus on oil-related activities with three of the IPOs from the transportation sector contributing US\$302m of the total proceeds.
- ▶ The Qatar Stock Exchange (QSE) saw one IPO (the second-largest MENA IPO of the quarter) with Meeza Qstp LLC raising US\$193m. There were no non-GCC IPOs in YTD 2023.
- ▶ Three out of the six IPOs offered a free float of more than 30% of the company's share capital. First-day returns were promising, with all six listings for Q3 2023 registering a gain. Of the Q3 2023 listings, share price performance of Munawla Cargo Co. had the highest first day gain of 69%.
- ▶ There were two direct listings in the MENA region during Q3 2023: Paper Home Co. and Al Rashid Industrial Co. on Nomu.
- ▶ The outlook for the remainder of 2023 and into 2024 continues to be promising for MENA IPOs, with several prominent companies in the region having announced their intention to list on MENA exchanges.
- ▶ A total of 27 companies in Saudi Arabia have announced their listing plans on the Tadawul. Q4 2023 is off to a positive start with three listings in October 2023: Ades Holding Company listed on the main market, Atlas Elevators General Trading & Contracting Company and Intelligent Oud Company For Trading listed on Nomu.
- ▶ In the UAE we can expect to see a variety of sizeable listings from a combination of government and private companies including The Dubai RTA's proposed IPOs of its taxi and parking businesses and prominent retailers expressing their interest to list. In Muscat we saw the landmark IPO of OQ Gas Networks (OQGN) in October 2023, which was heavily oversubscribed and the largest IPO for the Muscat Stock Exchange (MSX).
- ▶ Sustainability initiatives continue to gain importance in the region with countries and companies wanting to reshape their global image, given their awareness of the importance of environmental, social and corporate governance (ESG) to investors. The UAE will host this year's climate summit COP28 and stock exchanges in the region are doing their part in supporting ESG reporting and adoption. The Egyptian Exchange (EGX), Abu Dhabi Securities Exchange (ADX) and Dubai Financial Market (DFM) have all mandated their listed companies to report on ESG performance. In addition, several other exchanges (including the Tadawul) have also published written guidance on ESG reporting. The Muscat Stock Exchange (MSX) has encouraged voluntary ESG reporting for 2023 activities and mandatory ESG reporting to start from 2024. Several other exchanges (including the Tadawul) have also published written guidance on ESG reporting.

## MENA IPO overview

Q3 2023	YTD 2023
Six IPOs	29 IPOs
US\$0.5b proceeds	US\$5.8b proceeds
Change y-o-y	Direct listings Q3 2023
-6% IPOs	Two
-61% proceeds	Direct listings YTD 2023
	Seven

Note: Change y-o-y reflects YTD 2022 vs. YTD 2023.

## MENA IPO activity

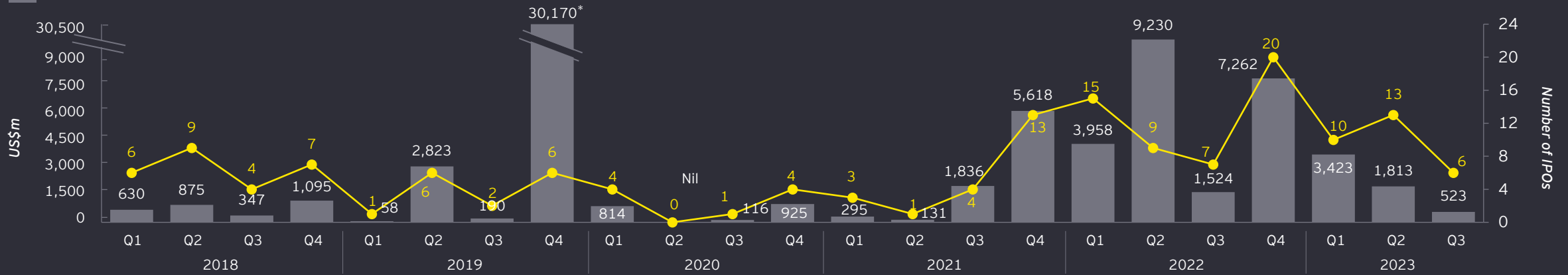


Sources: Refinitiv Eikon, S&P Capital IQ.

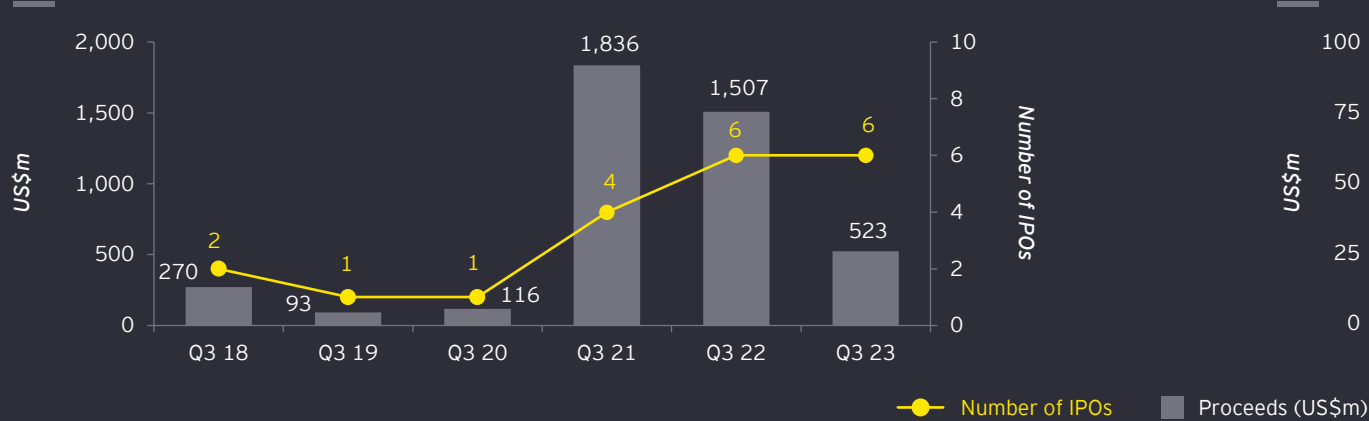
# 1 MENA IPO market

# MENA IPO market snapshot

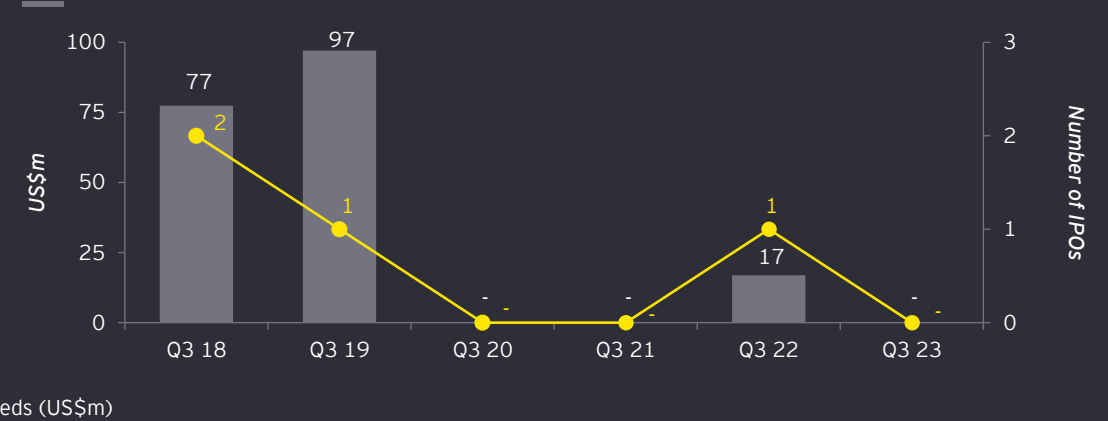
## MENA IPO activity (Q1 2018 to Q3 2023)



## GCC IPOs (Q3 2018 to Q3 2023)



## Non-GCC IPOs (Q3 2018 to Q3 2023)



● Number of IPOs    ■ Proceeds (US\$m)

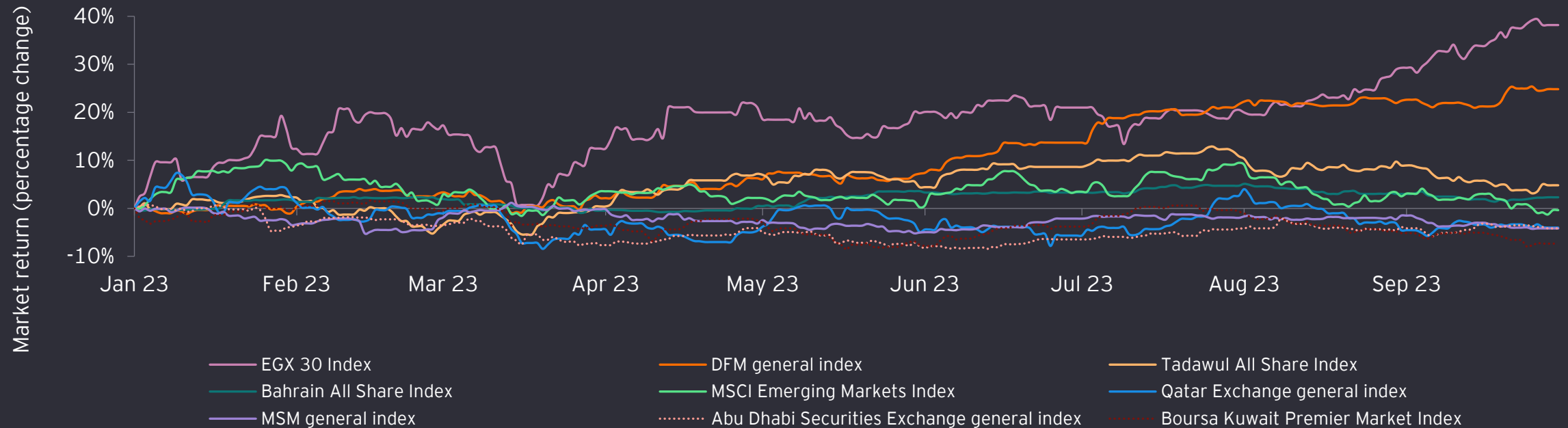
Notes: IPOs, including REIT listings, have been considered in each quarter based on the listing date.

\*Saudi Aramco listing.

Sources: Refinitiv Eikon, S&P Capital IQ.

# MENA equity markets

## MENA exchange performance



Sources: Refinitiv Eikon.

- The MENA stock exchanges indicated a mixed trend in exchange performance with four exchanges closing the quarter at a YTD gain and five at a YTD loss. Egypt's EGX30 was the MENA region's best performer and finished YTD 2023 with a 38.2% gain (14.2% for the quarter). The DFM closed YTD 2023 strongly with a gain of 24.8%, making it the top-performing market in the GCC. This was followed by the Tadawul, which closed YTD 2023 at an 4.8% gain.
- Boursa Kuwait was the worst-performing market closing at a 7.3% decline in performance for YTD 2023 (3.7% decline in Q3 2023 performance), affected by a number of delistings in 2023 (most recently Ahli United Bank delisted in May 2023 from the Premier Market and RAK White Cement has been approved by the CMA to delist from the main market and stop trading by December 2023). The ADX and MSM registered a 4.2% decline in performance for YTD 2023.
- For the YTD 2023 period, 21 out of the 29 MENA IPOs had a positive return compared with their IPO price, with Al-Razi Medical Co. achieving the highest YTD gain at 160%.

# MENA IPO performance for listed companies of 2023

## MENA IPO pricing and performance: Q3 2023

<i>Listing date</i>	<i>Issuer</i>	<i>IPO proceeds (US\$m)</i>	<i>IPO price (US\$)</i>	<i>First-day return</i>	<i>Share price performance percentage*</i>	<i>Sector</i>	<i>Exchange</i>
26 Jul 2023	Professional Medical Expertise Co.	19.0	18.1	1%	0%	Health care equipment and services	Tadawul (Nomu)
08 Aug 2023	Marble Design Co.	9.0	14.9	30%^	64%	Capital goods	Tadawul (Nomu)
23 Aug 2023	Meeza Qstp LLC	193.4	0.6	6%	15%	Information technology	Qatar SE
29 Aug 2023	Dar Almarkabah for Renting Cars Co.	5.3	10.7	30%^	26%	Transportation	Tadawul (Nomu)
11 Sep 2023	Munawla Cargo Co.	5.9	29.3	30%^	69%	Transportation	Tadawul (Nomu)
25 Sep 2023	Lumi Rental Co.	290.5	17.6	30%^	34%	Transportation	Tadawul

Share price performance calculation: IPO price as compared with the closing price on 30 September 2023.

"+" or "-" indicates change compared with the offer price at IPO.

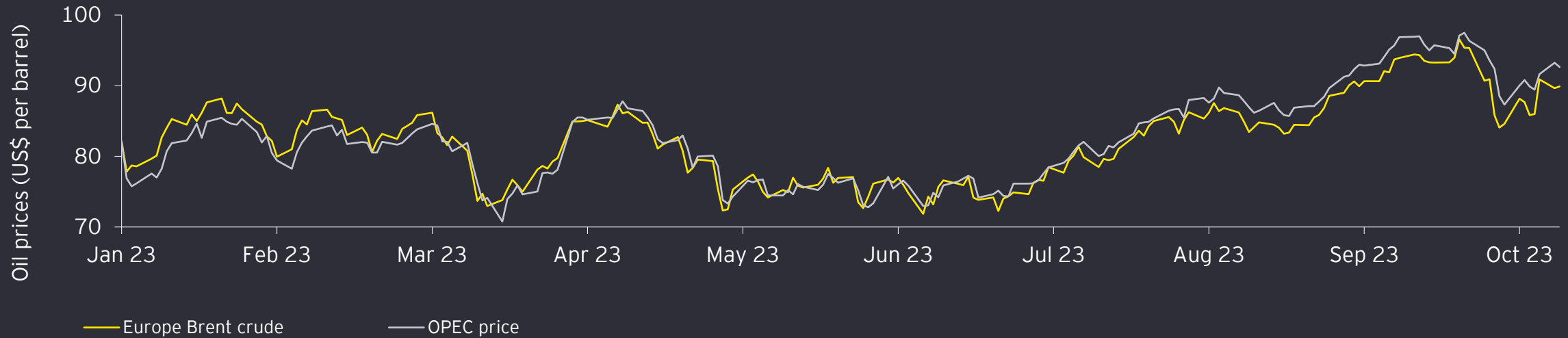
^Indicates maximum daily price fluctuation limit was reached.

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



# MENA oil price performance

## OPEC and Brent oil price



Sources: Organization of the Petroleum Exporting Countries (OPEC) and Refinitiv Eikon.

- OPEC and Brent crude prices were elevated in Q3 2023, rising by around 30% to reach a peak of around US\$97 per barrel (pb) by end of September 2023 from approximately US\$75 pb witnessed in the end of June 2023. The upward trajectory was triggered by the announcement by Saudi Arabia and Russia to extend their supply cuts, which have been in place since July 2023, to the end of the 2023. These cuts have been the main reason why global production has fallen slightly by around 0.1Mbpd between January and August 2023.
- With the inventories in US having fallen by around 10% since the beginning of the quarter to settle at 414 mb by end of September and concerns related to supplies persisting, oil prices could well continue to rise in the coming weeks crossing US\$100 pb.
- The prices are likely to fall again if US goes into recession by end of year and recovery in demand from China and Europe remains subdued. However, in such a case it will be expected that Saudi Arabia would likely prevent prices from declining strongly by extending its production cuts. The measures would mean oil prices sustaining at around US\$80 to US\$90 pb on an average next year.

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

## MENA IPO market

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Despite a slow Q3 2023, we are still optimistic that the remainder of 2023 and 2024 will show a healthy number of IPOs on the MENA markets based on current pipelines. Q4 2023 is already off to a promising start with three IPOs successfully completed in the KSA and we are still expecting additional IPOs in the next six to nine months in the UAE.

There is a risk that investor sentiment will be adversely impacted by the recent and ongoing geopolitical challenges in the region.

Gregory Hughes

EY MENA IPO Leader

# Companies and investors should look out for ...

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## Volatility

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1 Inflation, interest rates and liquidity

2 Government policies and regulations

3 Recovery of economic activity

4 Geopolitical tensions and conflicts

5 ESG agenda

6 Adoption of technology and artificial intelligence (AI)

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## Market sentiment and investor confidence

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

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- 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, given 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 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 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.

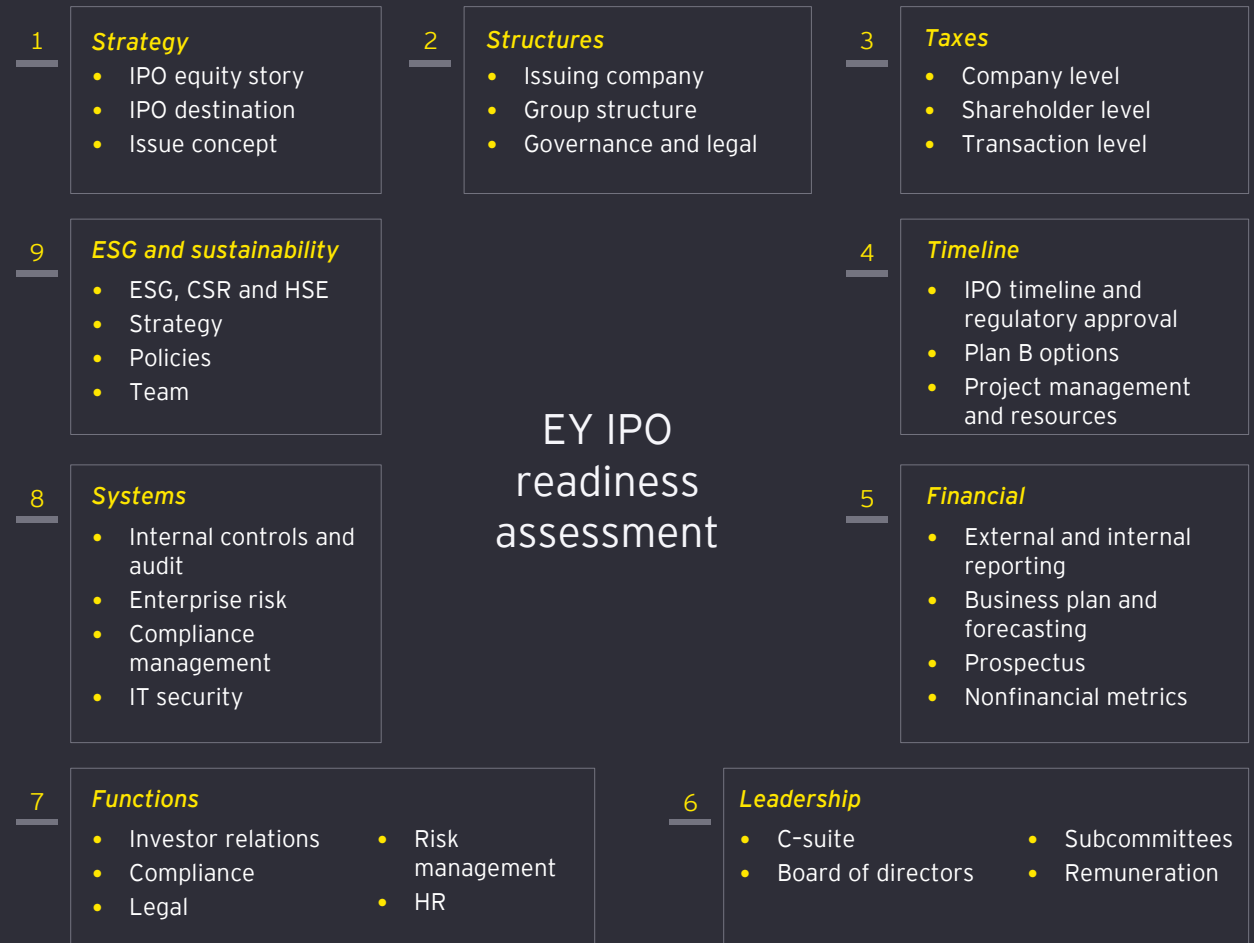
Typical objectives are:

- 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.



# 2 Appendix

# IPO activity per stock exchange

## IPO activity per stock exchange

Stock exchange	IPOs Q3 2023	IPOs LTM <sup>1</sup> Q3 2023	IPOs since 2018 <sup>2</sup>
Tadawul main market	1	12	52*
Tadawul (Nomu)	4	23	40*
ADX	0	5	10
DFM	0	3	7
EGX	0	0	11
Boursa Kuwait	0	0	2
MSX	0	2	9
Bahrain SE	0	0	1
QSE	1	1	4
Casablanca SE	0	1	6
Tunis SE	0	1	3

Notes:

1. Last 12 months (LTM).

2. Up to 30 September 2023.

3. Excludes direct listings.

\* There was a movement of Sumou Real Estate Co. (listed in Q1 2020) from Nomu to the Tadawul main market in September 2023.

Sources: Refinitiv Eikon and S&P Capital IQ.

# MENA IPO performance for listed companies of 2023

## MENA IPO pricing and performance (Q1 2023)

<i>Listing date</i>	<i>Issuer</i>	<i>IPO proceeds (US\$m)</i>	<i>IPO price (US\$)</i>	<i>First-day return</i>	<i>Share price performance percentage*</i>	<i>Sector</i>	<i>Exchange</i>
1 Jan 2023	Leen Alkhair Trading Co	16.6	17.3	-27%	-9%	Consumer products and retail	Tadawul (Nomu)
10 Jan 2023	Nofoth Food Products Co.	11.5	4.0**	0%	44%	Consumer products and retail	Tadawul (Nomu)
30 Jan 2023	Alinma Hospitality REIT Fund	136.1	2.7	-5%	-11%	REIT fund	Tadawul
8 Mar 2023	Waja Company	10.9	1.2**	22%	47%	RE, hospitality and construction	Tadawul (Nomu)
13 Mar 2023	ADNOC Gas	2,476.4	0.7	18%	46%	Oil and gas	ADX
14 Mar 2023	Abraj Energy Services SAOG	244.3	0.7	17%	17%	Oil and gas	MSX
20 Mar 2023	Knowledge Net Co	7.5	10.7	5%	-14%	Technology	Tadawul (Nomu)
22 Mar 2023	BENA Steel Industries	8.3	13.9	-9%	-17%	Diversified industrial products	Tadawul (Nomu)
26 Mar 2023	Horizon Food Company	15.8	9.9	21%	65%	Food and beverage	Tadawul (Nomu)
27 Mar 2023	Presight AI Holding PLC	496.1	0.4	144%	121%	Technology	ADX

\*Share price performance calculation: IPO price as compared with the closing price on 30 September 2023.

"+" or "-" indicates change compared with the offer price at IPO.

\*\* IPO price adjusted based on share split done in June 2023 (Nofoth - 1:10 and Waja - 1:20).

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



# MENA IPO performance for listed companies of 2023

## MENA IPO pricing and performance (Q2 2023)

<i>Listing date</i>	<i>Issuer</i>	<i>IPO proceeds (US\$m)</i>	<i>IPO price (US\$)</i>	<i>First-day return</i>	<i>Share price performance percentage*</i>	<i>Sector</i>	<i>Exchange</i>
5 Apr 2023	Foods Gate Trading Co.	6.3	14.9	23%	22%	Consumer services	Tadawul (Nomu)
6 Apr 2023	Al Ansari Financial Services	210.4	0.3	17%	13%	Banking and capital markets	DFM
13 Apr 2023	Ghida Alsultan for Fast Food Company CJSC	14.3	22.4	-6%	-21%	Consumer services	Tadawul (Nomu)
27 Apr 2023	Saudi Lime	9.1	4.5	3%	-18%	Materials	Tadawul (Nomu)
1 May 2023	Meyar Co.	4.2	15.7	30%^	44%	Materials	Tadawul (Nomu)
1 Jun 2023	ADNOC Logistics and Services	769.5	0.5	55%	82%	Logistics	ADX
7 Jun 2023	Almuneef Company for Trade, Industry, Agriculture and Contracting	14.2	18.7	-8%	-16%	Capital goods	Tadawul (Nomu)
14 Jun 2023	Tam Development Company SCJSC	20.3	34.7	0%	2%	Commercial and professional services	Tadawul (Nomu)
19 Jun 2023	Al Mawarid Manpower	76.8	17.1	30%^	90%	Commercial and professional services	Tadawul
20 Jun 2023	Jamjoom Pharmaceuticals Factory Company SJSC	336.0	16.0	30%^	93%	Pharma, biotech and life sciences	Tadawul
21 Jun 2023	Morabaha Marina Financing Company SCJSC	83.4	3.9	2%	-16%	Diversified financials	Tadawul
22 Jun 2023	First Milling Company	266.4	16.0	18%	21%	Food and beverage	Tadawul
22 Jun 2023	Al-Razi Medical Company	2.3	7.5	30%^	160%	Food and staples retailing	Tadawul (Nomu)

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

# Contact details



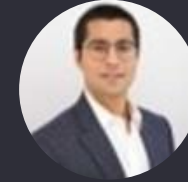
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